Greencells GmbH
Saarbrücken

Short-form audit report
Consolidated financial statements and group management report
31 December 2022

Translation from the German language

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Building a better working world

Translation from the German language

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Note:

We have issued the independent auditor's report presented below in compliance with legal and professional requirements subject to the conditions described in the enclosed "Engagement Terms, Liability and Conditions of Use."

If an electronic version of this document is used for disclosure in the *Bundesanzeiger* [German Federal Gazette], only the files containing the financial reporting and, in the case of a statutory audit, the auditor's report or the attestation report thereon are intended for this purpose.

Translation of the German independent auditor's report concerning the audit of the consolidated financial statements and group management report prepared in German

Independent auditor's report

To Greencells GmbH

Opinions

We have audited the consolidated financial statements of Greencells GmbH, Saarbrücken, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the fiscal year from 1 January 2022 to 31 December 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Greencells GmbH for the fiscal year from 1 January 2022 to 31 December 2022.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB ["Handelsgesetzbuch": German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2022 and of its financial performance for the fiscal year from 1 January 2022 to 31 December 2022, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Responsibilities of the executive directors for the consolidated financial statements and the group management report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Saarbrücken, 29 June 2023

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Zabel	Delizia
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

Greencells GmbH, Saarbrücken

Consolidated financial statements for fiscal year 2022

Greencells GmbH
Bahnhofstr. 28
66111 Saarbrücken

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Translation from the German language

Greencells GmbH

Exhibit 1

Consolidated financial statements for fiscal year 2022

A. Consolidated income statement for fiscal year 2022

	Note	2022	2021
		EUR	EUR
Revenue	F.V.15.	**158,889,485**	**111,846,208**
Cost of sales	F.V.16.	-137,237,398	-107,398,158
Gross profit		**21,652,087**	**4,448,050**
Selling expenses	F.V.17.	-221,058	-429,981
General and administrative expenses	F.V.18.	-9,853,961	-5,307,507
Other operating income	F.V.19.	1,717,214	2,383,499
Other operating expenses	F.V.19.	-5,359,081	-861,215
thereof: impairment of financial assets		*-1,592,985*	*-39,894*
Earnings before interest and taxes (EBIT)		**7,935,200**	**232,846**
Result from investments accounted for using the equity method	F.V.3.	0	-2,509,778
Finance income	F.V.21.	3,176,798	2,077,039
Finance costs	F.V.21.	-3,787,196	-3,147,143
Financial result		**-610,398**	**-3,579,882**
Profit/loss before income taxes		**7,324,802**	**-3,347,036**
Income taxes	F.V.22.	-2,811,900	-811,226
Profit after taxes		**4,512,902**	**-4,158,262**
thereof attributable to shareholders of Greencells GmbH		4,512,902	-4,158,262
thereof attributable to non-controlling interests		0	0

B. Consolidated statement of comprehensive income

	Note	2022	2021
		EUR	EUR
Profit after taxes		**4,512,902**	**-4,158,262**
thereof attributable to shareholders of Greencells GmbH		4,512,902	-4,158,262
thereof attributable to non-controlling interests		0	0
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods		**0**	**0**
Unrealized change in foreign currency translation reserve for foreign operations	F.V.9.	704,930	984,751
Amount recycled to profit or loss		0	-11,375
Other comprehensive income from currency translation		**704,930**	**973,376**
Other comprehensive income that will be reclassified to profit or loss in subsequent periods		**704,930**	**973,376**
Other comprehensive income		**704,930**	**973,376**
thereof attributable to shareholders of Greencells GmbH		704,930	973,376
thereof attributable to non-controlling interests		0	0
Total comprehensive income/loss		**5,217,832**	**-3,184,885**
thereof attributable to shareholders of Greencells GmbH		5,217,832	-3,184,885
thereof attributable to non-controlling interests		0	0

C. Consolidated statement of financial position

	Note	31 Dec 2022	31 Dec 2021	1 Jan 2021
		EUR	EUR	EUR
Non-current assets				
Intangible assets	F.V.1.	36,890	40,925	1
Property, plant and equipment	F.V.2.	1,106,332	475,062	428,849
Investments accounted for using the equity method	F.V.3.	0	0	12,915,572
Other financial assets	F.V.4.	153,770	153,657	78,857
Financial receivables	F.V.5.	50,700,593	18,387,854	7,095,451
Deferred tax assets	F.V.14.	1,066	5,386	57,373
		51,998,650	**19,062,884**	**20,576,103**
Current assets				
Inventories	F.V.6.	6,658,873	2,333,026	1,834,858
Trade and other receivables	F.V.7.	42,280,711	63,117,803	25,276,431
Income tax assets		39,265	0	39,471
Cash and cash equivalents	F.V.8.	11,206,318	20,004,151	18,415,403
		60,185,168	**85,454,981**	**45,566,162**
Total assets		**112,183,818**	**104,517,864**	**66,142,265**
Equity				
Subscribed capital	F.V.9.	42,520	42,520	42,520
Capital reserves	F.V.9.	5,349,895	5,312,992	5,312,992
Retained earnings	F.V.9.	6,992,106	2,500,127	6,642,000
Accumulated other comprehensive income	F.V.9.	1,678,306	973,376	0
		14,062,827	**8,829,016**	**11,997,512**
Non-current liabilities				
Financial liabilities	F.V.12.	38,489,783	29,922,648	26,635,444
Lease liabilities	F.V.12.	32,537	37,517	5,568
Deferred tax liabilities	E.V.13.	294,133	46,420	643,188
		38,816,453	**30,006,585**	**27,284,200**
Current liabilities				
Provisions	F.V.10.	3,168,447	3,107,418	2,531,937
Financial liabilities	F.V.12.	26,045,628	24,138,555	5,890,197
Lease liabilities	F.V.12.	52,737	22,753	8,983
Trade and other payables	F.V.13.	26,961,607	37,149,952	16,685,651
Income tax liabilities		3,076,119	1,263,586	1,743,784
		59,304,538	**65,682,264**	**26,860,553**
Total equity and liabilities		**112,183,818**	**104,517,864**	**66,142,265**

D. Consolidated statement of changes in equity

	Note	Subscribed capital	Capital reserves	Retained earnings	Accumulated other comprehensive income from foreign currency translation	Equity attributable to equity holders of Greencells GmbH = total equity
		EUR	EUR	EUR	EUR	EUR
As of 1 January 2022	F.V.9.	**42,520**	**5,312,992**	**2,500,127**	**973,376**	**8,829,016**
Profit after taxes				4,512,902		4,512,902
Other comprehensive income					704,930	704,930
Total comprehensive income/loss				**4,512,902**	**704,930**	**5,217,832**
Change in the basis of consolidation	F.II.3.b			-20,924		-20,924
Share-based payments	F.V.11.		36,903			36,903
As of 31 December 2022	F.V.9.	**42,520**	**5,349,895**	**6,992,106**	**1,678,306**	**14,062,827**
As of 1 January 2021	F.V.9.	**42,520**	**5,312,992**	**6,642,000**	**0**	**11,997,512**
Profit after taxes				-4,158,262		-4,158,262
Other comprehensive income					973,376	973,376
Total comprehensive income/loss				**-4,158,262**	**973,376**	**-3,184,885**
Change in the basis of consolidation	F.II.3.b			16,389		16,389
As of 31 December 2021	F.V.9.	**42,520**	**5,312,992**	**2,500,127**	**973,376**	**8,829,016**

E. Consolidated statement of cash flows for fiscal year 2022

	Note	2022	2021
		EUR	EUR
Profit after taxes		4,512,902	-4,158,262
Amortization, depreciation and impairment	F.V.1. /F.V.2.	287,400	149,169
Income tax expense	F.V.22.	2,811,900	811,226
Financial result	F.V.21.	610,398	1,070,104
Change in provisions	F.II.9.	-110,900	252,311
Other non-cash income and expenses		36,903	5,083,355
Change in inventories	F.II.8.	-4,328,601	-480,232
Change in trade receivables	F.V.7.	7,985,532	-30,012,971
Change in contract assets	F.V.7.	-2,353,488	4,360,227
Change in other financial assets	F.V.7.	12,005,345	-3,443,497
Change in other non-financial assets	F.V.7.	2,068,865	-2,791,211
Change in trade payables	F.V.13.	-11,543,729	13,296,523
Change in contract liabilities	F.V.13.	-1,314,423	3,717,694
Change in other liabilities	F.V.13.	2,400,249	838,366
Income tax paid	F.V.22.	-786,602	-1,796,606
Cash inflow/outflow from operating activities		**12,281,753**	**-13,103,805**
Cash paid for investments in property, plant and equipment and intangible assets	F.V.1. /F.V.2.	-838,359	-206,446
Cash paid for investments in financial assets	F.V.5.	-26,920,994	-11,913,851
Cash received from the disposal of financial assets	F.V.4. /F.V.5.	0	4,294,719
Cash paid for the acquisition of subsidiaries, less cash acquired	F.V.27.	0	-55,195
Cash received from the disposal of subsidiaries, net of cash disposed of	F.II.3.b	0	-106,300
Interest received	F.V.21.	3,484	2,077,039
Cash outflow from investing activities		**-27,755,869**	**-5,910,033**
Cash received from the issue of bonds	F.V.12. /F.V.23.	4,330,688	13,226,891
Cash received from raising financial loans	F.V.12. /F.V.23.	25,529,851	13,622,091
Repayments of bonds	F.V.12. /F.V.23.	-70,596	-260,299
Repayment of loans	F.V.12. /F.V.23.	-19,979,059	-3,324,458
Payment of lease liabilities	F.V.12. /F.V.23.	-50,947	-19,819
Interest paid	F.V.21.	-3,294,184	-2,817,089
Cash inflow from financing activities		**6,465,752**	**20,427,317**
Change in cash and cash equivalents		-9,008,364	1,413,479
Cash and cash equivalents as of the beginning of the reporting period		**20,004,151**	**18,415,403**
Change in cash and cash equivalents due to changes in the basis of consolidation	F.II.3.b	-22,566	-5,027
Changes in cash and cash equivalents due to exchange rate differences		233,096	180,296
Cash and cash equivalents at end of the reporting period	F.V.8.	**11,206,318**	**20,004,151**

F. Notes to the consolidated financial statements for fiscal year 2022

F.I. General information

Greencells GmbH and its subsidiaries ("Greencells" or the "Greencells Group") is a global provider of services related to the engineering, construction and operation of solar power plants. The Company has its registered office in Saarbrücken (Germany) and is entered in the commercial register at Saarbrücken Local Court under HRB no. 17943.

The management board approved these consolidated financial statements for issue on 27 June 2023.

F.II. Significant accounting policies

F.II.1. Basis and information on the first-time adoption of International Financial Reporting Standards (IFRSs)

The consolidated financial statements of Greencells GmbH for fiscal year 2022 were prepared in accordance with International Financial Reporting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (3) in conjunction with (1) HGB ["Handelsgesetzbuch": German Commercial Code]. These financial statements relate to the fiscal year from 1 January to 31 December 2022.

All amounts in the explanatory notes and tables are shown in euros, unless otherwise stated. Both individual amounts and totals represent the value with the smallest rounding difference. Small differences to the amounts presented can therefore arise when adding up the individual items.

The consolidated financial statements are prepared on a historical cost basis of accounting unless otherwise required by the accounting policies explained below. The consolidated income statement included in the consolidated statement of comprehensive income is classified using the function of expense method.

In accordance with IAS 1, current and non-current assets and liabilities must be presented as separate classifications in the consolidated statement of financial position. Current statement of financial position items are expected to be realized or settled within the next 12 months after the reporting date.

The estimates and assumptions used to prepare the financial statements in accordance with IFRSs affect the measurement of assets and liabilities, the disclosure of contingent assets and liabilities at the respective reporting dates, and the amount of income and expenses for the reporting period. Although these assumptions and estimates were made to the best of management's knowledge on the basis of current events and activities, actual results may differ from these estimates.

As of 31 December 2022, Greencells prepares its consolidated financial statements in accordance with IFRSs for the first time. In accordance with IFRS 1, which governs the first-time adoption of IFRSs, the IFRSs whose application was mandatory for fiscal year 2022 were used to present all transactions that occurred up to 31 December 2022 (including in prior periods).

Accordingly, the following pronouncements of the International Accounting Standards Board (IASB), which have been endorsed by the EU and are mandatory for fiscal years beginning after 31 December 2021, must also be observed in the reporting and comparative period:

Standard/interpretation	
IFRS 16	COVID-19-Related Rent Concessions after 30 June 2021
IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
IFRS 3	Reference to the Conceptual Framework
Miscellaneous	Improvements to International Financial Reporting Standards (2018–2020)

IFRS 1 specifies that IFRSs must generally be applied retroactively. However, the standard provides for some voluntary and mandatory exemptions from full retroactive application. Greencells has made use of these exemptions in relation to the following matters:

- IFRS 3 (Business Combinations) was not applied to business combinations completed prior to the date of transition to IFRSs (1 January 2021).
- Cumulative foreign currency translation differences existing at the time of the transition to IFRSs were reclassified from other comprehensive income to retained earnings.
- For revenue recognition in accordance with IFRS 15, the transaction prices at the date the contract was completed were used for contracts that include variable consideration. Variable consideration amounts in the comparative reporting period were therefore not estimated. Since the amount of the variable consideration component is low in relation to the full transaction price, there are no significant differences compared to full retrospective application.

The effects of the conversion of the accounting from HGB to IFRSs on equity and total comprehensive income can be found in the following reconciliations. Equity as reported in the published consolidated financial statements for fiscal year 2021 under German commercial law as of 1 January 2021 (date of transition to IFRSs) and 31 December 2021 and consolidated net income under German commercial law for fiscal year 2021 have been reconciled.

EUR	Note	31 Dec 2021	1 Jan 2021
Equity according to HGB consolidated financial statements		**10,600,485**	**9,063,015**
Restatement of intangible assets	(B1)	-440,672	-503,625
Recognition of property, plant and equipment	(B2)	104,420	64,426
Restatement of other financial assets	(B3)	-17,444	-20,490
Restatement of inventories	(B4)	2,452,197	-4,697,152
Restatement of trade receivables	(B5)	-133,295	-42,120
Restatement of other receivables	(B6)	1,058,165	7,331,148
Restatement of provisions	(B7)	-1,413,703	836,613
Restatement of other liabilities	(B8)	-4,670,198	-1,700,080
Recognition of lease liability	(B9)	-60,270	-14,552
Restatement of financial liabilities	(B10)	1,390,365	621,167
Recognition of deferred tax assets	(B11)	5,386	57,373
Recognition of deferred tax liabilities	(B12)	-46,420	-643,188
Release of negative consolidation difference	(B13)	0	1,645,190
Other	(B14)	0	-211
Equity according to IFRS consolidated financial statements		**8,829,016**	**11,997,512**

EUR	Note	2021
Net income according to HGB consolidated financial statements		**1,010,575**
Revenue recognition	(G1)	-1,745,313
Lease accounting	(G2)	2,892
Measurement of financial assets	(G3)	-39,894
Recognition of provisions	(G4)	-2,194,834
Reversal of the release of the negative consolidation difference under the HGB	(G5)	-1,645,190
Reversal of the amortization of goodwill under HGB	(G6)	62,953
Abandonment of the equity method	(G7)	-511,824
Effective interest method for the Green Bond	(G8)	465,793
Recognition of financial liabilities	(G9)	-90,642
Deferred tax income	(G10)	544,830
Other restatements	(G11)	-17,609
Net income according to IFRS consolidated financial statements		**-4,158,262**
Other comprehensive income from currency translation		973,376
Total comprehensive income according to IFRS consolidated financial statements		**-3,184,885**

The restatement of intangible assets includes the impairment of an item of goodwill recognized in accordance with the HGB (B1). Accordingly, total comprehensive income in accordance with IFRSs increased in the comparative period due to the reversal of the amortization of this item under German commercial law (G6). Property, plant and equipment in accordance with IFRSs increase as a result of the recognition of right-of-use assets in the context of lease accounting in accordance with IFRS 16 (B2). In addition, the disposal of an item of property, plant and equipment was reversed, as there is no real sale under IFRSs. Correspondingly, lease liabilities (B9) must be recognized on the liabilities and equity side and financial liabilities (B10) must be restated. The inclusion of the earnings contributions in different periods resulting from these effects slightly increases total comprehensive income in accordance with IFRSs in the 2021 reporting period (G2). The restatement of other financial assets (B3) is based on the recognition of expected credit losses. The total effect on earnings from the recognition of expected credit losses (G3) also includes the restatements of trade receivables (B5) and some of the restatements of other receivables (B6). The majority of the transition effect in other receivables (B6) results from the recognition of contract assets due to different rules on revenue recognition in accordance with IFRS 15. In contrast to IFRSs, the accounting rules under the HGB do not provide for the recognition of revenue over time for Greencells' business model. The restatement of revenue recognition also requires the recognition of contract liabilities and thus restatements of other liabilities (B8) and in inventories (B4). Overall, the effects on earnings of the restatements in connection with revenue recognition in accordance with IFRS 15 in the 2021 reporting period are as shown under G1. The different recognition and reversal of provisions (B7) as of 1 January 2021 and 31 December 2021 resulted in the effect on earnings presented under G4 in the 2021 reporting period. The carrying amounts of financial liabilities in accordance with IFRSs differ from those under the HGB (B10) due to the application of the effective interest method; the effect on earnings in the 2021 reporting period is shown under G8. In addition, financial liabilities under IFRSs include financial guarantees, the recognition of which reduced earnings in 2021 (G9). In addition, earnings in accordance with IFRSs were also lower in 2021 due to a different accrual of earnings in connection with the abandonment of the equity method for an equity investment no longer classified as an associate (G7). The amounts stated under B11 and B12 and the effect on earnings shown under G10 are due to the requirement under IFRSs to recognize deferred taxes on valuation differences between the IFRS carrying amounts and the tax bases. As of 1 January 2021, equity in accordance with IFRSs increased due to the release of a negative consolidation difference (B13). Profit in accordance with IFRSs decreased by this amount (G5) in the 2021 reporting period, as the reversal performed in accordance with the HGB had to be canceled. The other restatements (G11) shown in the reconciliation of earnings include currency effects.

In addition to the statement of comprehensive income and statement of financial position, the conversion of accounting from the HGB to IFRSs also had the following effects on the statement of cash flows.

in EUR k	HGB	Reconciliation		IFRS
Cash outflow from operating activities	-14,902,808	(C1)	1,799,003	-13,103,805
Cash outflow from investing activities	-5,034,288	(C2)	-875,745	-5,910,033
Cash inflow from financing activities	21,440,202	(C3)	-1,012,885	20,427,317

The restatement of cash outflow from investing activities (C2) was mainly due to the correction of the misstatement of the cash outflow from the acquisition of a subsidiary in the cash flow statement under German commercial law. The difference in cash inflow from financing activities (C3) is due to a different allocation of transaction costs in connection with the issued tranches of the Green Bond. Under HGB, they were included in the operating cash flow, whereas under IFRSs they have been included in the financing cash flow. The cash outflow from operating activities (C1) had to be restated due to the offsetting effects from the changes in cash outflow from investing activities (C2) and cash outflow from financing activities (C3). The restatements do not add up to zero because the changes in cash and cash equivalents due to exchange rate effects which were allocated to the three activity types were calculated more precisely in accordance with IFRSs.

F.II.2. New and amended accounting standards of the IASB

The following new or amended accounting standards published by the IASB which have not yet been endorsed in their entirety by the EU, will – subject to their endorsement by the EU – only be effective for future financial statements. They have not been early adopted and Greencells does not plan to do so in the future.

Standard/interpretation (until 31 December 2022)		Effective date for Greencells	Endorsed by the EU	Expected effects
IAS 1	Disclosure of Accounting Policies	1 January 2023	Yes	No significant effects
IAS 1	Classification of liabilities	1 January 2024	No	No significant effects
IAS 1	Non-current Liabilities with Covenants	1 January 2024	No	No significant effects
IAS 8	Definition of Accounting Estimates	1 January 2023	No	No significant effects
IFRS 16	Sale and leaseback transactions	1 January 2024	No	No significant effects
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023	No	No significant effects
IFRS 17	Insurance Contracts and Amendments to IFRS 17 Insurance Contracts	1 January 2023	Yes	No effects
IFRS 17, IFRS 9	Initial Application of IFRS 17 and IFRS 9	1 January 2023	No	No effects

F.II.3. Consolidation

a. Subsidiaries

All subsidiaries of Greencells are included in the consolidated financial statements. These are companies whose financial and operating policies can be directly or indirectly controlled by the Group. A list of the consolidated companies can be found in section F.II.3.b.

Subsidiaries are included in the consolidated financial statements (full consolidation) from the date on which control is transferred to the Group. They are deconsolidated on the date on which control ends. Control is obtained when Greencells is exposed, or has rights, to variable returns from its involvement with an investee and the Greencells Group has the ability to affect those returns through its power over the investee. Generally, there is a presumption that a majority of (direct or indirect) voting rights results in control.

The acquisition method is used to account for business combinations. For transactions under common control, the acquisition method is applied in the same manner provided they are substantive. The cost of the acquisition is the fair value of the assets given, equity instruments issued and liabilities incurred or assumed as of the acquisition date. Identifiable assets, liabilities and contingent liabilities acquired in a business combination are initially measured at their acquisition-date fair value, regardless of the proportion of non-controlling interests, of which there are currently none in the Greencells Group. The excess cost over the Group's share of the fair value of the net assets is recognized as goodwill. If the cost of the acquisition is less than the (share of the) net assets of the acquired subsidiary measured at fair value, the difference is reassessed and recognized directly in profit or loss. Acquisitions of shares in subsidiaries after control has been obtained are accounted for as equity transactions. The difference between the purchase price of the shares and the share attributable to non-controlling interests is offset directly in equity against the profits and losses prior to appropriation.

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated. The same applies to unrealized losses, unless the transaction indicates that the transferred asset is impaired.

The accounting policies of subsidiaries were modified where necessary to ensure uniform accounting within the Group.

b. Basis of consolidation

As of 31 December 2022, Greencells includes six subsidiaries in the consolidated financial statements by way of full consolidation. On the transition date 1 January 2021, nine subsidiaries were fully consolidated. In the comparative period, one of these subsidiaries, Solar Polska New Energy Project Nowogard PV, having its registered office in Szczecin, Poland, was deconsolidated due to immateriality. Another subsidiary, Greencells Energy Asia Pacific Pte Ltd., Singapore, was merged with Pekan Energy I Pte Ltd., Singapore. The subsidiary, Solar Greencells Sdn. Bhd., Kuala Lumpur, Malaysia, was sold to Greencells Group Holdings Ltd., Abu Dhabi, United Arab Emirates (together with its group companies hereinafter also the “Holdings Group”), which is a related party of Greencells. In return, Greencells CEE S.R.L., Cluj-Napoca, Romania, was acquired from Greencells Group Holdings Ltd. in the prior year and included in the consolidated financial statements for the first time. At the end of the comparative period, Greencells thus had seven fully consolidated subsidiaries. In the reporting period, the subsidiary Greencells Energy UK Ltd., London, UK, was deconsolidated following its liquidation.

The subsidiaries other than Greencells GmbH included in the consolidated financial statements as of 31 December 2022 are listed below:

Subsidiaries	Registered office	Share in capital
Greencells Regio GmbH	Losheim am See, Germany	100%
Greencells USA Inc.	Atlanta, USA	100%
Pekan Energy I Pte. Ltd.	Singapore	100%
Greencells Construction Korlátolt Felelösségu Társaság	Budapest, Hungary	100%
Greencells Hungary Korlátolt Felelösségu Társaság	Budapest, Hungary	100%
Greencells CEE S.R.L.	Cluj-Napoca, Romania	100%

The following subsidiary of Greencells is immaterial on the reporting date and is expected to remain immaterial in the future and is therefore reported under the equity investments at cost:

Non-consolidated subsidiaries	Registered office	Share in capital
Solar Polska New Energy Project Nowogard PV	Szczecin, Poland	100%

c. Functional currency and reporting currency

The functional currency is determined for each group entity. The functional currency is the currency of the primary economic environment in which the respective group entity operates. Transactions of the respective group entity in other currencies are therefore foreign currency transactions.

The functional currency of Greencells and the Group's reporting currency is the euro. The financial statements of the individual group entities are converted into the reporting currency (EUR) using the closing rate method, under which the assets and liabilities of group entities are translated into euros at the closing rate. The items of the income statement are translated into euros at the annual average rate. The items recognized in equity are translated at historical rates. Any resulting difference in the statement of financial position is allocated to the foreign currency translation reserve.

As of the reporting dates of 31 December 2022, 31 December 2021 and 1 January 2021 and in the reporting and comparative period, the following exchange rates are used in the financial statements:

1 EUR = …	Closing rate			Annual average exchange rate	
	31 Dec 2022	31 Dec 2021	1 Jan 2021	2022	2021
USD	1.0666	1.1326	1.2271	1.0530	1.1827
GBP	0.8869	0.8403	0.8990	0.8528	0.8596
HUF	400.87	369.19	363.89	391.29	358.52
MYR	4.6984	4.7184	4.9340	4.6279	4.9015
RON	4.9495	4.9490	4.8683	4.9313	4.9215
PLN	4.6808	4.5969	4.5597	4.6861	4.5652

d. Transactions and balances in foreign currencies

Foreign currency transactions are translated into the functional currency of the respective group entity using the exchange rates applicable at the time of the transaction. Monetary foreign currency items are subsequently translated at the respective closing rate. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Currency translation differences arising from the settlement of foreign currency transactions and the translation of monetary foreign currency items at the closing rate are recognized in the income statement as foreign currency gains or losses in other operating income or expenses.

F.II.4. Revenue from contracts with customers

Revenue is measured at the amount of the consideration to which Greencells is expected to be entitled for the provision of services agreed in customer contracts. Thereafter, revenue is reported after deduction of taxes and reduced by expected sales deductions.

Greencells recognizes revenue in accordance with the provisions of IFRS 15 when control over the products sold and the services provided has been transferred to the customer. Control can be transferred over time or at a point in time. The performance obligations resulting from contracts with Greencells' customers are mainly fulfilled over time. In these cases, the revenue from customer-specific construction contracts is recognized in accordance with the following rules.

At Greencells, customer-specific construction contracts consist of projects (agreements) with only one performance obligation. The EPC agreements (engineering, procurement and construction agreements) encompass various interrelated activities required for the construction process. Such agreements are entered into before construction of the solar parks commences. Since Greencells is always contractually obliged to construct solar power plants according to a certain customer's specifications, there is no alternative use for the facilities. In addition, Greencells has a legally enforceable right to payment for the work completed to date for such agreements and the control over the promised goods and services is transferred to the customer during the construction process. Therefore, the revenue from these agreements is recognized over time using the cost-to-cost method. The progress of the project is determined based on input, i.e., based on the contract costs incurred for the work performed as a percentage of the expected total contract costs. Management believes that this input-based method is an appropriate measure of the progress toward satisfaction of the performance obligations under IFRS 15.

Depending on the relationship between the performance of Greencells and the customer's payment, the contracts are shown as a contract asset under trade and other receivables or as a contract liability under trade and other payables. When the contractually agreed performance exceeds the prepayments on a construction contract, that construction contract is recognized as an asset under contract assets. If there is a negative balance following the deduction of prepayments, the construction contract is recognized as a liability from construction contracts under contract liabilities. The assets and liabilities are presented as a net item at the project level. Milestones that have already been billed are recognized as trade receivables. Standard payment terms for customers are 30 days; individual payment terms may be agreed with specific customers.

For onerous contracts for which the projected costs for satisfying the performance obligation are not expected to be recovered, provisions are recognized in an appropriate amount in accordance with IAS 37 (see section F.V.10). The difference between the expected costs of fulfilling a contract and the transaction price is recognized if the projected costs are higher than the projected revenue. Some or all of an amount of estimated variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The EPC agreements do not include a significant financing component as the period between revenue recognition using the cost-to-cost method and the respective milestone payment is less than one year. As a result, the Group does not adjust any of the transaction prices for the effects of the time value of money. Guarantees, refund liabilities and costs to obtain a contract are of only minor importance for Greencells in terms of their number, and in particular in terms of their amount, and can therefore be considered to be immaterial.

Contract assets are realized within a business cycle at Greencells. Therefore, in accordance with IAS 1, they are presented under current assets, even if the realization of the total receivable or performance of a construction contract extends over a period of more than one year. The Greencells Group applies the practical expedient of IFRS 15.121 not to disclose the remaining performance obligations arising from a contract with an expected original duration of less than one year.

In general, construction and service agreements include defect and warranty periods following the completion of the project. These obligations are not treated as separate performance obligations and estimates are therefore included in total costs of the agreements. If required, amounts are recognized under provisions in accordance with IAS 37.

The Company earns interest income pro rata temporis over the remaining term based on the outstanding liability and the effective interest rate.

F.II.5. Intangible assets

a. Goodwill

Goodwill is the excess of the consideration for a business combination over the Group's share of the fair value of the net assets of the acquired entity at the acquisition date and is reported as an intangible asset. Goodwill resulting from the acquisition of an associate is included in the carrying amount of the investment in the associate. Goodwill is tested for impairment at least once a year and, in addition, upon occurrence of impairment events, and is measured at its original cost less accumulated impairment losses. Goodwill is not amortized.

b. Other intangible assets

Purchased intangible assets are recognized at acquisition cost and amortized over their useful lives using the straight-line method. If there is an indication of possible impairment, an impairment test is performed. Assets with indefinite useful lives are tested for impairment once a year.

Other intangible assets include acquired rights and software with a useful life of three years. The resulting amortization expense is allocated to general and administrative expenses.

F.II.6. Property, plant and equipment

Property, plant and equipment mainly consist of machinery, other equipment as well as computer hardware and other office equipment. Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged on a straight-line basis, taking into account the respective residual value and based on the following useful lives:

Plant and machinery:	6 to 10 years
Furniture, fixtures and office equipment:	1 to 19 years

The residual values and remaining useful lives are reviewed at every reporting date and adjusted if necessary.

Subsequent expenditure is only recognized in the carrying amounts of the assets if the Company can reasonably expect to generate economic benefits from it in the future. Any other repairs or maintenance are shown as expenses in the income statement for the fiscal year in which they are incurred.

If the carrying amount of an asset exceeds its estimated recoverable amount, it is written down to this amount (see also section F.II.7).

Gains and losses on disposals of property, plant and equipment are determined by comparing the sales proceeds with the carrying amount and are recognized in net other operating income/expenses.

F.II.7. Impairment of property, plant and equipment and intangible assets

Goodwill and assets with indefinite useful lives are tested for impairment once a year. Property, plant and equipment and intangible assets subject to depreciation are tested for impairment whenever there are events or indications that their carrying amounts may not be recoverable. An impairment loss is recognized in the amount by which the carrying amount of an asset exceeds its recoverable amount, being the higher amount of the fair value of the asset less costs to sell and discounted net cash flows from continuing use (value in use). To test for impairment, assets are allocated to the smallest identifiable group of assets that generates cash flows largely independently of the remaining entities (cash-generating units).

If impairment losses need to be reversed, the assets are written up to no more than the amount of the amortized cost. No reversals of impairment losses are recognized for goodwill.

F.II.8. Inventories

Inventories in the Greencells Group consist of raw materials, work in process and finished goods. They are carried at the lower of acquisition and production cost or net realizable value. Acquisition cost comprises the purchase price of the raw materials plus any acquisition-related costs. Production cost comprises the directly allocable material and payroll costs as well as the costs of allocable purchased services. Manufacturing overheads are also included in production cost. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the anticipated costs to sell.

F.II.9. Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount. If the Company expects to be reimbursed for the amount of a provision (e.g., under an insurance policy), it recognizes the right to reimbursement as a separate asset, provided that reimbursement is virtually certain in the event of a claim under the obligation.

The Company recognizes a provision for onerous transactions if the expected benefit from the contractual entitlement is less than the unavoidable costs of meeting the contractual obligation.

Provisions are measured at the amount of the probable outflow of resources. Discounting at a rate commensurate with the risk is applied when measuring non-current provisions.

F.II.10. Share-based payments

Equity-settled share-based payments to employees and others providing comparable services are measured at the grant date fair value of the equity instrument. The fair value determined when the equity-settled share-based payment is granted is expensed in a straight-line with a corresponding increase in equity over the period until the instruments become vested and is based on Greencells' expectations with regard to the equity instruments that are expected to vest.

For cash-settled share-based payments, a financial liability is recorded for the goods or services received and is measured at fair value upon receipt or grant. Until the liability is settled, the fair value of the liability is remeasured at each reporting date and at the date of settlement, with any changes in fair value recognized in profit or loss for the period.

An appropriate valuation model is required to determine the fair value of share-based payments. Greencells uses a Black-Scholes model to determine the value of the stock options. This estimate also requires the determination of the most appropriate inputs to the valuation model when calculating the value of the shares, such as the expected volatility of the shares and the probability and timing of an exit bonus.

F.II.11. Financial instruments

A financial instrument is a contract that gives rise to both a financial asset of one contracting party and a financial liability or equity instrument of another contracting party.

Purchases or sales of financial assets are recognized on the settlement date. The financial assets in the Greencells Group comprise cash and cash equivalents, receivables and equity instruments (equity investments).

In accordance with IFRS 9, financial assets are measured either at amortized cost, at fair value through profit or loss, or at fair value through other comprehensive income. Amounts are allocated to the three categories based on the business model within which the financial instruments are held and the contractual cash flows.

All financial receivables (debt instruments) held by Greencells on the reporting date are accounted for at amortized cost. The cash flows of these financial instruments solely comprise payments of principal and interest and they are held by Greencells with the intention of collecting the contractual cash flows. These are reported under current assets, provided that they do not fall due more than 12 months after the end of the reporting period. Otherwise they are recognized under non-current assets. Such assets are recognized initially at fair value plus any directly attributable transaction costs.

Cash and cash equivalents comprise all highly liquid assets that have a residual term of less than three months on initial recognition. They are recognized at cost in the statement of financial position. Cash and cash equivalents in foreign currencies are translated at the closing rate. Differences from currency translation are recognized under other operating income or expenses in the income statement.

For the receivables measured at amortized cost by Greencells, allowances for expected credit losses (expected credit loss model) are recognized (see section F.V.25).

The equity instruments held by Greencells are individually and collectively immaterial. They are recognized at cost in the consolidated financial statements.

The financial liabilities in the Greencells Group include, in particular, financial liabilities, trade payables and financial guarantees.

Financial liabilities are initially recognized at fair value less transaction costs. In subsequent periods they are measured at amortized cost. Any difference between the amount on initial recognition and the repayment amount is recognized in the statement of comprehensive income over the term of the financial liability using the effective interest method. For the subsequent measurement of financial guarantees, the amounts resulting from the application of the impairment model defined by IFRS 9 are determined and compared with those resulting from the accrual of the amount originally recognized in accordance with the principles of IFRS 15. The carrying amount is the higher of the two benchmarks.

Financial liabilities are classified as current if the Group does not have the unconditional right to defer the settlement of the liability to a date at least 12 months after the reporting date.

F.II.12. Deferred tax assets and liabilities

Deferred income taxes are taken into account according to the liability method for temporary differences between the tax base and the IFRS carrying amount of assets and liabilities and for unused tax losses. Deferred income taxes are determined using the statutory tax rate applicable on the reporting date when the differences reverse.

Deferred tax assets are recognized to the extent that it is probable that a future taxable profit will be generated against which the temporary differences and unused tax losses can be utilized.

Changes in deferred tax items are recognized in profit or loss except for the additions of deferred tax items recognized directly in equity as part of the purchase price allocation for business combinations and deferred tax items in connection with changes in value to be recognized in other comprehensive income, which are likewise recognized in other comprehensive income.

F.II.13. Leases

The entities of the Greencells Group are lessees. A lease is a contract that conveys the right to use an identified asset for a specific period in exchange for consideration. A right of use for an identified asset can exist in different contractual arrangements regardless of their formal structure, e.g., in rental, lease and service agreements.

The lease liability to be recognized is determined as the present value of the payments to be made to lessees taking into account the probability that extension options will be exercised. The effective interest method is used to calculate the carrying amount. The right-of-use asset to be recognized in return is recognized at cost at the inception of the lease. In addition to the lease payments, cost includes any initial direct costs incurred by the lessee and asset retirement costs. The right-of-use asset is depreciated and tested for impairment if there are corresponding indications.

For low-value lease assets and short-term leases (less than 12 months), exemptions are exercised and no right-of-use asset and liability are recognized. As a result, lease expenses of EUR 347k (2021: EUR 193k) were recognized in operating expenses in 2022.

For all leases with a term of more than 12 months, a lease liability equal to the present value of future lease payments is recognized at the inception of the lease. The portion of the lease liability that falls due within 12 months on the reporting date is reported in current financial liabilities, while the remaining portion is reported in non-current financial liabilities. Subsequently, each lease payment is allocated between interest expense and a reduction of the lease liability so as to produce a constant rate of interest on the respective remaining balance of the liability. The interest component of each payment is recognized as an interest expense in the income statement. The corresponding right-of-use asset shown in property, plant and equipment, which represents the present value of the liability plus direct costs, is depreciated over the useful life, which may be limited by the lease.

The Group opts not to separate lease and non-lease components for all classes of assets.

At the end of the reporting period, right-of-use assets included within non-current assets in property, plant and equipment totaled EUR 86k. See the table below for details.

in EUR	2022		
	Total	**Right-of-use assets for real estate**	**Right-of-use assets for equipment**
Cost	76,839	–	76,839
Accumulated depreciation and impairment	-12,319	–	-12,319
Carrying amount as of 1 Jan	**64,520**	**–**	**64,520**
Additions (+)	75,952	55,482	20,470
Depreciation (-)	-54,515	-24,353	-30,162
Carrying amount as of 31 Dec	**85,957**	**31,129**	**54,828**
Cost	152,791	55,482	97,309
Accumulated depreciation and impairment	-66,835	-24,353	-42,481

in EUR	2021		
	Total	**Right-of-use assets for real estate**	**Right-of-use assets for equipment**
Cost	14,552	14,552	–
Accumulated depreciation and impairment	–	–	–
Carrying amount as of 1 Jan	**14,552**	**14,552**	**–**
Additions (+)	76,839	–	76,839
Disposals (-)	-5,605	-5,605	–
Depreciation (-)	-21,569	-9,250	-12,319
Translation differences (+/-)	304	304	–
Carrying amount as of 31 Dec	**64,520**	**–**	**64,520**
Cost	76,839	–	76,839
Accumulated depreciation and impairment	-12,319	–	-12,319

These amounts contained in the above tables have also been included in the tables on the development of property, plant and equipment in section F.V.2.

As of 31 December 2022, lease liabilities totaled EUR 85,275 (31 December 2021: EUR 60,270; 1 January 2021: EUR 14,552). Interest expenses for lease liabilities came to EUR 4,869 in the reporting period (2021: EUR 2,753), while cash repayments of lease liabilities amounted to EUR 50,947 (2021: EUR 19,819).

F.III. Capital and financial risk management

Greencells aims to strengthen the Group's capital base (equity and debt) in order to maintain the confidence of investors, creditors and markets. Capital management is intended to help secure the Group's liquidity and safeguard its equity base as well as generate funds for sustainable corporate growth. In this context, the Company's management ensures that an appropriate return on the capital employed is generated.

Managing the liquidity risk is the responsibility of management, which has as set up an appropriate system to manage short, medium and long-term financing and liquidity requirements. Project-related cash flow planning is used to determine whether finance needs to be raised for operating activities. This is integrated into a rolling liquidity control system that analyzes the maturity profiles of financial assets and liabilities. In particular, a financial indicator is the Group's forecast level of cash and cash equivalents, which should not fall below a defined limit. To secure liquidity, the Group also has a limited volume of credit facilities from banks. The Greencells Group endeavors to reduce the risk of bad debts by only concluding sales transactions with customers with a high credit rating.

F.IV. Estimates and judgments

When preparing the consolidated financial statements, Greencells makes estimates and assumptions about expected future developments on the basis of the circumstances on the reporting date. Needless to say, actual subsequent developments will rarely precisely match such estimates.

Critical accounting estimates and assumptions relate to the following matters:

- Allowances for doubtful accounts require an assessment of the customer's creditworthiness in the respective economic environment. The appropriateness of the allowances is assessed based on the maturity profile of the receivables balances, the creditworthiness of the respective debtor and past experience. Allowances were recognized on receivables in accordance with IFRS 9 in both the reporting and the comparative period.
- In order to recognize current and deferred tax items, estimates have to be made. Uncertainties exist with respect to the interpretation of complex tax regulations. Therefore, differences between actual results and assumptions or future changes in estimates can result in changes in the tax result in future periods. The Group has taken adequate account of potential effects of the tax audit by the tax authorities.
- Deferred tax assets are recognized if sufficient taxable profits are likely to be available for reducing tax. The effect on earnings from the reversal of taxable temporary differences, the

budgeted results from operating activities as well as possible tax planning activities for generating tax income for offsetting are included in the assessment. Since future business developments are uncertain, estimates of future taxable income and the date on which deferred tax assets can potentially be realized are required. At present, no deferred tax assets are recognized on loss carryforwards, as it is doubtful whether the relevant entities have sufficient taxable temporary differences, future profits or tax arrangements to be able to use the loss carryforwards.

- General litigation risks are taken into account in our provisions. There is a risk that legal action may be taken as a result of actions, omissions, services provided by or other events of a person or investee/investor.
- When recognizing provisions for onerous transactions, the extent of the expected costs yet to be incurred that will not be reimbursed by the client must be estimated.
- Estimates and uncertainties can also arise in connection with revenue recognition (determination of the percentage of completion, calculation of the transaction price).

The far-reaching consequences of the risks resulting from the Ukraine war for the global economy are currently very difficult to gage. On the one hand, the Greencells Group benefits from the increased focus on renewable energies. On the other hand, it is subject to negative effects from increased material procurement and transport costs.

F.V. Notes on individual items of the consolidated financial statements

F.V.1.Intangible assets

The following tables show the development of intangible assets in the reporting and comparable periods:

in EUR	2022		
	Total	Goodwill	Purchased intangible assets
Acquisition/production cost	747,628	683,245	64,382
Accumulated amortization and impairment	706,702	683,245	23,457
Carrying amount as of 1 Jan	**40,925**	**–**	**40,925**
Additions (+)	9,855	–	9,855
Amortization (-)	-13,889	–	-13,889
Exchange differences (+/-)	-3	–	-3
Carrying amount as of 31 Dec	**36,890**	**–**	**36,890**
Acquisition/production cost	757,480	683,245	74,235
Accumulated amortization and impairment	720,591	683,245	37,346

in EUR	2021		
	Total	Goodwill	Purchased intangible assets
Acquisition/production cost	696,463	683,245	13,218
Accumulated amortization and impairment	696,462	683,245	13,217
Carrying amount as of 1 Jan	**1**	**–**	**1**
Additions (+)	47,746	–	47,746
Disposals (-)	-580	–	-580
Additions to the basis of consolidation (+)	4,001	–	4,001
Amortization (-)	-7,390	–	-7,390
Accumulated amortization and impairment from disposals of non-current assets (-)	580	–	580
Accumulated amortization and impairment from additions to the basis of consolidation (-)	-3,430	–	-3,430
Exchange differences (+/-)	-2	–	-2
Carrying amount as of 31 Dec	**40,925**	**–**	**40,925**
Cost	747,628	683,245	64,382
Accumulated depreciation and impairment	706,702	683,245	23,457

Goodwill mainly stems from the acquisition of Greencells USA Inc., Atlanta, which is responsible for business activities in the US. The US business consists of six EPC projects, most of which are onerous due to delays in the approval process, cost deviations and poor weather conditions. There are no plans to continue operations in the US after the completion of these projects. Therefore, goodwill was written down in full in the opening statement of financial position.

F.V.2.Property, plant and equipment and assets under construction

The following tables show the development of property, plant and equipment and assets under construction in the reporting and comparative periods:

in EUR	2022				
	Total	Land and buildings	Plant and machinery	Furniture, fixtures and office equipment	Assets under construction
Acquisition/production cost	1,436,759	80,914	466,168	889,677	0
Accumulated depreciation and impairment	961,697	80,913	389,789	490,995	–
Carrying amount as of 1 Jan	**475,062**	**1**	**76,378**	**398,683**	**0**
Additions (+)	953,009	55,482	368,264	529,263	–
Disposals (-)	-73,582	–	–	-73,582	–
Depreciation (-)	-273,511	-24,353	-58,614	-190,544	–
Accumulated depreciation and impairment from disposals of non-current assets (-)	25,029	–	–	25,029	–
Exchange differences (+/-)	325	–	15	311	–
Carrying amount as of 31 Dec	**1,106,332**	**31,130**	**386,042**	**689,160**	**0**
Acquisition/production cost	2,316,511	136,396	834,446	1,345,669	0
Accumulated depreciation and impairment	1,210,179	105,266	448,404	656,510	–

in EUR	2021				
	Total	**Land and buildings**	**Plant and machinery**	**Furniture, fixtures and office equipment**	**Assets under construction**
Acquisition/production cost	1,330,257	122,335	443,499	761,420	3,003
Accumulated depreciation and impairment	901,408	71,662	368,820	460,926	–
Carrying amount as of 1 Jan	**428,849**	**50,672**	**74,680**	**300,494**	**3,003**
Additions (+)	233,743	–	22,739	211,004	–
Disposals (-)	-85,804	–	-3,836	-81,967	–
Additions to the basis of consolidation (+)	6,065	–	3,836	2,229	–
Disposals from the basis of consolidation (-)	-48,280	-42,028	–	-3,273	-2,979
Depreciation (-)	-141,779	-9,250	-21,996	-110,533	–
Accumulated depreciation and impairment from disposals of non-current assets (-)	82,474	–	1,598	80,875	–
Accumulated depreciation and impairment from additions to the basis of consolidation (-)	-2,122	–	-572	-1,550	–
Accumulated depreciation and impairment from disposals from the basis of consolidation (-)	1,140	–	–	1,140	–
Exchange differences (+/-)	777	607	-70	265	-24
Carrying amount as of 31 Dec	**475,062**	**1**	**76,378**	**398,683**	**0**
Cost	1,436,759	80,914	466,168	889,677	0
Accumulated depreciation and impairment	961,697	80,913	389,789	490,995	–

Borrowing costs were not recognized as a component of the cost of property, plant and equipment in the reporting period.

The additions in the current fiscal year are mainly attributable to investments in machinery and other equipment. The machines are essentially pile drivers. The other equipment mainly relates to means of transport. No impairment losses were recorded in the fiscal year.

No part of the property, plant and equipment serves as collateral for funds borrowed by Greencells.

F.V.3.Equity investments accounted for using the equity method

On the date of the transition to IFRS accounting, the equity investment in Halpro Engineering Sdn. Bhd., Kuala Lumpur, Malaysia, was included in the consolidated financial statements of Greencells as an associate using the equity method. As a result of the sale of shares in the company in the 2021 comparative period, Greencells lost its significant influence. Since the purchaser of the shares can acquire the remaining shareholding at a symbolic price of MYR 1, it is measured at amortized cost at a pro memoria value. In the comparative period, an expense of EUR 2,509,778 was recognized from investments accounted for using the equity method.

F.V.4.Other financial assets

In addition to the pro memoria value of the remaining shareholding in Halpro, other financial assets relate exclusively to the 15% investment in GreenSolar Energy Pte. Ltd., Singapore, on each reporting date. The cost currently recognized for this equity investment is a reasonable approximation of its fair value. The shares in the non-consolidated subsidiary recognized at a pro memoria value are reported in trade and other receivables under other financial assets as its liquidation is planned in the near future.

F.V.5.Financial receivables

Financial receivables break down as follows:

in EUR	31 Dec 2022	31 Dec 2021	1 Jan 2021
Receivables from related parties	50,666,954	18,365,360	7,095,451
Receivables from non-consolidated subsidiaries	33,640	–	–
Other loans	–	22,494	–
Total	**50,700,593**	**18,387,854**	**7,095,451**

As of 31 December 2022, EUR 98,217 of receivables from related parties was current (31 December 2021: EUR 56,305; 31 December 2020: EUR 0).

F.V.6.Inventories

Greencells' inventories break down as follows:

in EUR	31 Dec 2022	31 Dec 2021	1 Jan 2021
Raw materials, consumables and supplies	1,289,289	375,286	165,660
Work in process	5,369,584	1,957,740	1,669,198
Inventories	**6,658,873**	**2,333,026**	**1,834,858**

Apart from customary retention of title, no inventories have been pledged as security to third parties. In the reporting period, inventories of EUR 224k (2021: EUR 0k) were written down to the net realizable value .

Inventories are expected to be sold within 12 months.

F.V.7.Trade and other receivables

Trade and other receivables break down as follows:

in EUR	31 Dec 2022	31 Dec 2021	1 Jan 2021
Trade receivables	3,417,567	20,276,197	4,469,781
Trade receivables from related parties	29,424,150	22,507,902	2,440,183
Contract assets	4,946,029	2,592,541	6,952,768
Other financial assets	68,109	11,247,442	7,711,188
Other non-financial assets	4,424,856	6,493,721	3,702,510
Total	**42,280,711**	**63,117,803**	**25,276,431**

Greencells has agreed to assign receivables from EPC agreements of EUR 10m to the collateral agent of the Green Bond.

As of the reporting date of the comparative period, other financial assets include a receivable of EUR 11,179,270 from the sold equity investment accounted for using the equity method.

See section F.V.25.b for information on the recognition of expected credit losses.

F.V.8.Cash and cash and cash equivalents

Cash and cash equivalents contain a small amount of cash and predominantly overnight deposits.

Cash and cash equivalents are denominated in the following currencies:

in EUR	31 Dec 2022	31 Dec 2021	1 Jan 2021
EUR	10,838,764	16,654,607	17,248,274
USD	65,189	3,098,603	969,058
GBP	–	22,566	44,029
RON	302,365	228,376	–
MYR	–	–	148,973
PLN	–	–	5,069
Total	**11,206,318**	**20,004,151**	**18,415,403**

F.V.9.Equity

As of the reporting date, the Company's subscribed capital was unchanged compared to the reporting date of the comparative period and the reporting date of the transition to IFRS accounting. It comes to EUR 42,520, is fully paid in and divided into 42,520 shares with a par value of EUR 1.00 each. The capital reserves result from the contributions made by the shareholders in excess of the subscribed capital. In the reporting period, they increased to EUR 5,349,895 (31 December 2021: EUR 5,312,992; 1 January 2021: EUR 5,312,992) due to the presentation of a share-based payments program (see section F.V.11). There were translation differences of EUR 704,930 (2021: EUR 973,376) in 2022 due to the translation of financial statements of foreign subsidiaries. The cumulative translation differences shown under equity amount to EUR 1,678,306.

The other reserves stem from group profits not yet distributed as of the reporting date. There are no restrictions on disposal for either the capital reserves or other reserves. However, profit distribution restrictions have been agreed with the lenders.

The composition and development of equity is presented in the statement of changes in equity (see section D).

F.V.10. Other provisions

Provisions developed as follows in the reporting and comparative periods:

in EUR	Provisions for onerous contracts	Other provisions
1 Jan 2022	**1,513,703**	**1,593,715**
Utilization	1,168,773	1,210,662
Allocation	489,949	1,811,893
Reversals	–	33,307
Exchange differences	95,949	75,981
31 Dec 2022	**930,827**	**2,237,620**

in EUR	Provisions for onerous contracts	Other provisions
1 Jan 2021	**113,387**	**2,418,550**
Utilization	113,387	1,005,296
Allocation	1,458,221	90,729
Reversal	–	25,605
Exchange differences	55,482	115,337
31 Dec 2021	**1,513,703**	**1,593,715**

Other provisions essentially contain provisions for warranties. Other provisions are expected to result in cash outflows over the next 12 months.

F.V.11. Share-based payments

In the reporting year, Greencells granted stock options and share appreciation rights to an employee at the top management level through two parallel agreements. If certain events occur, this employee – depending on the event – is entitled to acquire shares at a fixed price (Agreement 1) or to participate directly in the increase in the value of the Company in the amount of the intrinsic value of the share appreciation right (Agreement 2). The options are forfeited if the employee leaves Greencells prior to the transfer of the options.

In the reporting year, Greencells recognizes total expenses of EUR 37k in connection with equity-settled share-based payments transactions (Agreement 1). In addition, liabilities from the granting of share appreciation rights of EUR 148k are recognized (Agreement 2), which are measured at fair value on the basis of the expected vested payments. The fair value is determined at the end of each reporting period.

The expenses for services received which are rendered by the employee are recognized over the lifetime with a corresponding increase in equity or the liability. Expenses of EUR 185k were recognized for the employee services received during the year. The remuneration expense is reported in administrative expenses.

in EUR k	Options
12 July 2022	
Weighted fair value	1,476
Expected dividend yield (%)	0.0
Expected volatility (%)	53.8%
Risk-free interest rate	0.25%
Expected remaining vesting period (years)	2.0
Expected term (years)	2.0
Share value	4,950
Exercise price	4,950
Model	Black-Scholes model

The expected term of the options granted is based on historical data and current expectations and reflects the period until the expected events occur. The expected volatility reflects the assumption that historical volatility over a period similar to the term of the options is indicative of future trends, which may not necessarily be the actual outcome. The remaining vesting period reflects the average remaining vesting period.

F.V.12. Financial liabilities and lease liabilities

Greencells' financial liabilities break down as follows:

in EUR	31 Dec 2022		31 Dec 2021		1 Jan 2021	
	Current	Non-current	Current	Non-current	Current	Non-current
Bonds	–	34,620,666	–	29,889,580	–	16,592,934
Liabilities to related parties	25,006,944	–	–	–	5,384,992	–
Liabilities to banks	569,321	3,846,152	23,835,884	–	213,175	10,000,000
Other financial liabilities	469,363	22,964	302,672	33,068	292,029	42,510
Total	**26,045,628**	**38,489,783**	**24,138,555**	**29,922,648**	**5,890,197**	**26,635,444**

In the reporting period, liabilities to related parties relate to a loan from Zahid Group Holding Ltd. (see section F.VI).

Based on the contractual provisions, the financial liabilities are due as follows:

31 Dec 2022		31 Dec 2021		1 Jan 2021	
in EUR	Non-current	in EUR	Non-current	in EUR	Non-current
2023	26,045,628	2022	24,138,555	2021	5,890,197
2024	3,869,116	2023	20,914	2022	19,546
2025	34,620,666	2024	12,154	2023	10,010,810
2026	–	2025	29,889,580	2024	12,154
2027 and thereafter	–	2026 and thereafter	–	2025 and thereafter	16,592,934
Total	**64,535,411**	**Total**	**54,061,203**	**Total**	**32,525,641**

The table below shows the contractual maturities of the lease liabilities:

31 Dec 2022		31 Dec 2021		1 Jan 2021	
in EUR	Non-current	in EUR	Non-current	in EUR	Non-current
2023	52,737	2022	22,753	2021	8,983
2024	23,493	2023	24,277	2022	5,568
2025	5,711	2024	13,239	2023	–
2026	3,333	2025	–	2024	–
2027 and thereafter	–	2026 and thereafter	–	2025 and thereafter	–
Total	**85,275**	**Total**	**60,270**	**Total**	**14,552**

The financial liabilities are secured by liens and collateral assignments.

The bond issued by Greencells (ISIN DE000A289YQ5) carries a fixed coupon of 6.5% p.a. Interest is paid twice a year. The bond had an initial term of five years. It is repayable on 9 December 2025.

F.V.13. Trade and other payables

Trade and other payables break down as follows:

in EUR	31 Dec 2022	31 Dec 2021	1 Jan 2021
Trade payables	14,136,788	25,163,710	11,216,807
Trade payables to related parties	–	98,940	91,317
Contract liabilities	4,445,060	5,759,482	2,041,788
Other liabilities	8,379,758	6,127,820	3,335,738
Total	**26,961,607**	**37,149,952**	**16,685,651**

F.V.14. Deferred tax assets and liabilities

The following deferred tax items are reported in Greencells' consolidated statement of financial position:

in EUR	31 Dec 2022	31 Dec 2021	1 Jan 2021
Deferred tax assets	1,066	5,386	57,373
Deferred tax liabilities	-294,133	-46,420	-643,188
Balance of deferred tax items	**-293,067**	**-41,035**	**-585,815**

Deferred taxes developed as follows:

in EUR	2022	2021
Deferred tax assets	5,386	57,373
Deferred tax liabilities	-46,420	-643,188
Balance of deferred tax items at the beginning of the fiscal year	**-41,035**	**-585,815**
Expense (-)/income (+) recognized in income taxes	-252,033	544,806
Exchange difference	–	-26
Balance of deferred tax items at the end of the fiscal year	**-293,067**	**-41,035**
Deferred tax assets	1,066	5,386
Deferred tax liabilities	-294,133	-46,420

Deferred tax assets are attributable to the following:

Deferred tax assets	Recognition of provisions	Lease liabilities	Revenue recognition	Other	Total
31 Dec 2021 (before netting)	**67,254**	**19,052**	**356,042**	**155,656**	**598,003**
Amounts recorded in tax expense	4,418	8,224	-325,773	116,406	-196,725
Exchange differences	–	–	–	-1	-1
31 Dec 2022 (before netting)	**71,672**	**27,275**	**30,269**	**272,060**	**401,276**
Netting with deferred tax liabilities					-400,210
31 Dec 2022 (after netting)					**1,066**

Deferred tax assets	Recognition of provisions	Lease liabilities	Revenue recognition	Other	Total
1 Jan 2021 (before netting)	**37,389**	**3,492**	**69,039**	**126,393**	**236,314**
Amounts recorded in tax expense	29,864	15,537	287,002	29,262	361,666
Exchange differences	–	23	–	–	23
31 Dec 2021 (before netting)	**67,254**	**19,052**	**356,042**	**155,656**	**598,003**
Netting with deferred tax liabilities					-592,618
31 Dec 2021 (after netting)					**5,386**

Deferred tax liabilities relate to the following items in the statement of financial position:

Deferred tax liabilities	Revenue recognition	Right-of-use assets	Green Bond	Other	Total
31 Dec 2021 (before netting)	**74,379**	**20,466**	**531,036**	**13,157**	**639,038**
Amounts recorded in tax expense	41,998	7,063	9,534	-3,289	55,306
Exchange differences	–	–	–	–	–
31 Dec 2022 (before netting)	**116,377**	**27,529**	**540,570**	**9,868**	**694,343**
Netting with deferred tax liabilities					-400,210
31 Dec 2022 (after nettting)					**294,133**

Deferred tax liabilities	Revenue recognition	Right-of-use assets	Green Bond	Other	Total
1 Jan 2021 (before netting)	**383,489**	**3,492**	**418,701**	**16,446**	**822,129**
Amounts recorded in tax expense	-309,111	16,951	112,335	-3,315	-183,140
Exchange differences	–	23	–	26	49
31 Dec 2021 (before netting)	**74,379**	**20,466**	**531,036**	**13,157**	**639,038**
Netting with deferred tax liabilities					-592,618
31 Dec 2021 (after netting)					**46,420**

As of 31 December 2022, no deferred tax liabilities were recognized on the differences between the net assets and the tax carrying amount of subsidiaries of EUR 184k (31 December 2021: EUR 68k; 1 January 2021: EUR 445k), as there are not likely to be any distributions in the foreseeable future and the temporary differences are not likely to reverse.

F.V.15. Revenue

Greencells generates most of its revenue from the settlement of EPC project business. Therefore, there is no further allocation of revenue to segments.

Revenue was generated in the following markets. The breakdown of revenue by primary geographic market contains consolidated values.

in EUR	2022	2021
Germany	27,130,934	5,203,128
Rest of Europe	101,939,423	91,615,711
North America	18,234,553	10,983,942
Middle East	11,256,685	2,132,647
Asia	327,891	1,910,779
Total	**158,889,485**	**111,846,207**

Greencells' main field of activity is the construction of turnkey solar power plants in the business-to-business ("B2B") segment. Thus, Greencells' activities comprise the engineering, procurement and construction of these power plants worldwide and concern a small number of capital-intensive and high-revenue projects. For example, the 11 (2021: 13) EPC projects with the highest revenue (revenue per project and year greater than EUR 1.0m) in the European market accounted for EUR 124.9m in 2022 (2021: EUR 91.5m) and the five (2021: six) projects with the highest revenue in the US market accounted for EUR 18.0m in 2022 (2021: EUR 11.0m).

Since the upstream section of the value chain, project development, is the main field of activity of the sister company Greencells Group Holdings Ltd., Abu Dhabi, United Arab Emirates, and its group companies, the EPC projects are often commissioned by the Holdings Group. As a result, related parties account for a large volume of revenue (2022: EUR 71.3m; 2021: EUR 24.3m).

The revenue recognized in the reporting period that was included in contract liabilities at the beginning of the period amounts to EUR 4,659k (2021: EUR 1,992k). The revenue recognized in the reporting period from performance obligations fulfilled in prior periods amounts to EUR 0k (2021:EUR 43k).

F.V.16. Cost of sales

Cost of sales comprise the following components:

in EUR	2022	2021
Cost of materials	122,324,258	97,175,034
Personnel expenses	11,197,409	7,578,100
Amortization and depreciation	220,240	96,328
Other expenses	3,495,491	2,548,697
Total	**137,237,398**	**107,398,158**

F.V.17. Selling expenses

Selling expenses contain the following cost components:

in EUR	2022	2021
Personnel expenses	150,239	329,692
Advertising costs	60,079	29,934
Other expenses	10,739	70,354
Total	**221,058**	**429,981**

F.V.18. General and administrative expenses

The following amounts are included in general and administrative expenses:

in EUR	2022	2021
Personnel expenses	4,352,038	2,629,561
Consulting services	2,437,773	1,234,516
Other personnel costs	570,867	386,578
Repair and maintenance costs	354,645	164,723
Rental expenses	347,152	193,127
Insurance	370,145	111,483
Amortization, depreciation and impairment	67,126	51,716
Other expenses	1,354,215	535,802
Total	**9,853,961**	**5,307,507**

F.V.19. Other operating income and other operating expenses

Other operating expenses break down as follows:

in EUR	2022	2021
Impairment of financial assets	1,592,985	39,894
Compensation payments	800,000	–
Exchange losses	1,666,698	703,032
Other	1,299,398	118,290
Total	**5,359,081**	**861,215**

Other operating income breaks down as follows:

in EUR	2022	2021
Exchange gains	1,410,359	756,630
Gains on the disposal of non-current assets	46,248	6,199
Recoveries on written-off receivables	–	164,000
Other	260,607	1,456,670
Total	**1,717,214**	**2,383,499**

F.V.20. Personnel expenses

Personnel expenses amounted to EUR 15,700k in the reporting period (2021: EUR 10,537k). This includes expenses for social security contributions of EUR 1,309k (2021: EUR 1,005k), thereof statutory pension insurance of EUR 396k (2021: EUR 486k), and expenses for voluntary pension schemes of EUR 94k (2021: EUR 3k). EUR 37k of personnel expenses is attributable to equity-settled share-based payments and EUR 148k to cash-settled share-based payments.

The average number of employees during the reporting period is as follows:

Number	2022	2021
Full-time employees	306	335
Part-time employees	35	18
Total	**341**	**353**

F.V.21. Financial result

The Group's financial result consists of finance income and finance costs. In fiscal year 2022, the net interest expense came to EUR 610k (prior year: EUR 1,070k). Please refer to the net gain/loss by measurement category (section 0) for details of the individual items.

F.V.22. Income tax expense

The income tax expense reported in the statement of comprehensive income includes current and deferred income taxes in the reporting and in the comparative period:

in EUR	2022	2021
Current income tax expense (-)	-2,559,870	-1,356,032
Deferred income tax expense (-)/income (+)	-252,031	544,806
Total	**-2,811,900**	**-811,226**

The reported income tax expense differs from the theoretical amount that would have resulted if the income tax rate of the parent company had been applied:

in EUR	2022	2021
Profit/loss before tax	**7,324,802**	**-3,347,036**
Income tax rate of the parent	32.975%	32.975%
Expected income taxes	**-2,415,354**	**1,103,685**
Effects from		
Difference compared with foreign tax rates	-457,042	-351,431
Tax-free income	1,581,180	374,669
Non-deductible expenses	-232,466	-1,586,676
Investments accounted for using the equity method	–	227,155
Unrecognized deferred taxes	-891,771	-628,296
Out-of-period taxes	-103	55,456
Other income taxes	-396,078	-21,732
Other	-267	15,945
Income tax expense reported	**-2,811,900**	**-811,226**

As of 31 December 2022, there are loss carryforwards of EUR 7.9m (31 December 2021: EUR 2.1m; 1 January 2021: EUR 0.9m) at Greencells USA Inc., Pekan Energy I Pte. Ltd. and Greencells CEE S.R.L.

No deferred taxes are recognized on loss carryforwards of these subsidiaries as it is not probable that they can be utilized in the future. The imputed tax rate for the reporting period is 38%. In addition to the fact that no deferred taxes were recognized on loss carryforwards, this is due to the inclusion of other income taxes and the high non-tax-deductible expenses recorded. The same factors result in an imputed tax rate of -24% in the comparative period.

F.V.23. Statement of cash flows

The statement of cash flows distinguishes between cash flow from operating activities, investing activities and financing activities. Cash flow from operating activities is calculated using the indirect method.

In the reporting period, cash flow from operating activities was clearly positive at EUR 12,281k, after being negative in the comparative period (negative cash flow of EUR -13,104k). In addition to the profit for the period, this is due to a significant reduction in working capital.

In the reporting period, cash flow from investing activities was dominated by a loan to the related party Greencells Group Holdings Ltd.

Cash flow from financing activities includes cash inflows from the issue of additional bond tranches and the loan agreement with Zahid Group Holding Ltd. These inflows are offset by cash repayments of bank loans.

Liabilities from financing activities developed as follows:

in EUR	1 Jan 2022	Cash changes		Non-cash changes	31 Dec 2022
		Amount raised	Amount repaid		
Bonds	29,889,580	4,330,688	-70,596	470,994	34,620,666
Financial liabilities	24,171,623	25,529,851	-19,979,059	192,329	29,914,744
Lease liabilities	60,270	–	-50,947	75,952	85,275
Total	**54,121,473**	**29,860,539**	**-20,100,602**	**739,275**	**64,620,685**

in EUR	1 Jan 2021	Cash changes		Non-cash changes	31 Dec 2021
		Amount raised	Amount repaid		
Bonds	16,592,934	13,226,891	-260,299	330,054	29,889,580
Financial liabilities	15,932,707	13,622,091	-3,324,458	-2,058,717	24,171,623
Lease liabilities	14,552	–	–	45,718	60,270
Total	**32,540,193**	**26,848,982**	**-3,584,757**	**-1,682,945**	**54,121,473**

The amounts reported in cash and cash equivalents include cash and bank balances.

F.V.24. Other financial obligations

On 31 December 2022, Greencells has purchase commitments for inventories of EUR 72.7m (31 December 2021: EUR 52.6m).

Other financial obligations are included in the statement of financial position under financial liabilities for all operating leases with a remaining term of more than 12 months.

F.V.25. Additional disclosures on financial instruments

a. Classes and measurement categories

The following tables show the carrying amounts of the financial instruments, the breakdown by measurement category in accordance with IFRS 9, the fair values and the valuation inputs:

in EUR	Carrying amount 31 Dec 2022	Thereof within the scope of IFRS 7	IFRS 9 measurement category*	Fair value of financial instruments within the scope of IFRS 7	determined using quoted prices (Fair Value Level 1)	derived from market data (Fair Value Level 2)	derived from non-observable inputs (Fair Value Level 3)
Other financial assets	153,769	153,769	FVPL	153,769			153,769
Financial receivables	50,700,593	50,700,593	AC	48,625,585		48,625,585	
Trade and other receivables	42,280,711	32,909,827					
Trade receivables	*32,841,717*	*32,841,717*	AC				
Contract assets	*4,946,029*	–	–				
Other assets	*4,492,965*	*68,109*	AC				
Cash and cash equivalents	11,206,318	11,206,318	AC				
Other assets	**104,341,391**	**94,970,506**					
Financial liabilities	64,535,411	64,535,411	–				
Financial guarantees	*472,983*	472,983	n/a	*430,847*			*430,847*
Other financial liabilities	*64,062,427*	*64,062,427*	AC	*63,656,478*	*34,258,066*	29,398,412	
Lease liabilities	85,275	85,275	n/a	85,275		85,275	
Trade and other payables	26,961,607	17,039,739					
Trade payables	*14,136,788*	*14,136,788*	AC				
Contract liabilities	4,445,060	–	–				
Other liabilities	8,379,758	2,902,951	AC				
Total liabilities	**91,582,292**	**81,660,424**					

**AC: amortized cost; FVPL: fair value through profit or loss*

in EUR	Carrying amount 31 Dec 2021	Thereof within the scope of IFRS 7	IFRS 9 measurement category*	Fair value of financial instruments within the scope of IFRS 7	determined using quoted prices (Fair Value Level 1)	derived from market data (Fair Value Level 2)	derived from non-observable inputs (Fair Value Level 3)
Other financial assets	153,656	153,656	FVPL	153,656			153,656
Financial receivables	18,387,854	18,387,854	AC	17,817,854		17,817,854	
Trade and other receivables	63,117,803	54,031,541					
Trade receivables	*42,784,099*	*42,784,099*	AC				
Contract assets	*2,592,541*	–	–				
Other assets	*17,741,163*	*11,247,442*	AC				
Cash and cash equivalents	20,004,151	20,004,151	AC				
Total assets	**101,663,464**	**92,577,202**					
Financial liabilities	54,061,203	54,061,203	–				
Financial guarantees	*302,672*	302,672	n/a	*295,002*			*295,002*
Other financial liabilities	*53,758,532*	*53,758,532*	AC	*53,916,032*	*30,047,080*	23,868,952	
Lease liabilities	60,270	60,270	n/a	60,270		60,270	
Trade and other payables	37,149,952	26,721,450					
Trade payables	*25,262,650*	*25,262,650*	AC				
Contract liabilities	5,759,482	–	–				
Other liabilities	6,127,820	1,458,800	AC				
Total liabilities	**91,271,425**	**80,842,924**					

**AC: amortized cost; FVPL: fair value through profit or loss*

in EUR	Carrying amount 1 Jan 2021	Thereof within the scope of IFRS 7	IFRS 9 measurement category*	Fair value of financial instruments within the scope of IFRS 7	determined using quoted prices (Fair Value Level 1)	derived from market data (Fair Value Level 2)	derived from non-observable inputs (Fair Value Level 3)
Other financial assets	78,855	78,855	FVPL	78,855			78,855
Financial receivables	7,095,451	7,095,451	AC	–		7,095,451	
Trade and other receivables	25,276,431	14,621,153					
Trade receivables	*6,909,964*	*6,909,964*	AC				
Contract assets	*6,952,768*	–	–				
Other assets	*11,413,698*	*7,711,188*	AC				
Cash and cash equivalents	18,415,403	18,415,403	AC				
Other assets	**50,866,140**	**40,210,862**					
Financial liabilities	32,525,641	32,525,641	–				
Financial guarantees	*212,029*	212,029	n/a	*212,029*			*212,029*
Other financial liabilities	*32,313,612*	*32,313,612*	AC	*32,331,012*	*16,610,334*	15,720,678	
Lease liabilities	14,552	14,552	n/a	14,552		14,552	
Trade and other payables	16,685,651	12,875,726					
Trade payables	*11,308,125*	*11,308,125*	AC				
Contract liabilities	2,041,788	–	–				
Other liabilities	3,335,738	1,567,601	AC				
Total liabilities	**49,225,844**	**45,415,919**					

**AC: amortized cost; FVPL: fair value through profit or loss*

Cash and cash equivalents and trade and other receivables mainly have short remaining terms. Their carrying amounts as of the respective reporting date therefore approximate their fair values. The same applies to trade and other payables. In accordance with the exemption afforded by IFRS 7.29(a), the fair value is not disclosed. The fair value of loans and liabilities to banks is determined by discounting future cash flows. Discounting is based on a market interest rate commensurate with the term. Individual characteristics of the financial instruments being measured are taken into account in the form of creditworthiness or liquidity spreads. Within financial liabilities, the fair value of the bonds issued is derived from listed prices on the respective reporting dates. For the financial guarantee contracts, the fair value is the value of the expected credit loss.

b. Impairment of financial assets

For financial assets, impairments must be recognized not only for losses already incurred, but also for expected future credit losses (expected credit loss model). Greencells recognizes expected credit losses for all financial assets measured at amortized cost and when subsequently measuring financial guarantee contracts in three stages. An allowance is recognized either on the basis of the 12-month expected credit loss (Stage 1) or on the basis of the lifetime expected credit loss, if the credit risk has increased significantly since the first-time recognition (Stage 2) or if the assets are credit-impaired (Stage 3). For trade receivables that do not contain a significant financing component, a simplified approach is used. According to this, expected credit losses are always calculated over the entire lifetime of the financial assets.

Impairments of trade and other receivables developed as follows:

in EUR	2022	2021
As of 1 Jan	**-882,060**	**-950,719**
Disposals	–	242,665
Risk provisions	-868,848	-205,612
Exchange differences	-45,887	31,606
As of 31 Dec	**-1,796,795**	**-882,060**

In addition to fixed percentage rates that also depend on the age structure of trade and other receivables, the allowance recognized at the various reporting dates include impairments recognized on a case-by-case basis.

in EUR	Gross carrying amounts			Lifetime ECL		
	31 Dec 2022	31 Dec 2021	1 Jan 2021	31 Dec 2022	31 Dec 2021	1 Jan 2021
Not due	**28,992,433**	**54,894,383**	**20,619,061**	**-1,139,043**	**-864,164**	**-730,194**
Past due by	**15,085,074**	**9,105,481**	**5,608,089**	**-657,752**	**-17,896**	**-220,525**
Up to 30 days	899,380	–	276,601	-13,923	–	-2,788
Between 31 and 60 days	400	727,264	65,647	-6	-1,429	-662
Between 51 and 90 days	7,135,936	4,763,648	–	-110,472	-9,363	–
Between 91 and 180 days	21,747	2,399,322	4,096,518	-337	-4,716	-41,290
Between 181 and 365 days	3,772,042	56,542	157,173	-58,395	-111	-1,584
More than 1 year incl. specific bad debt allowances	3,255,570	1,158,704	1,012,150	-474,620	-2,277	-174,202
Total	**44,077,507**	**63,999,864**	**26,227,150**	**-1,796,795**	**-882,060**	**-950,719**

Greencells calculates the credit risk as the probability-weighted amount by which the payments received are expected to be less than the contractual amounts due to it. In addition to individual factors, expected credit losses are estimated on the basis of general experience of collecting receivables in the past. For this purpose, probabilities of default and insolvency typical for the industry published by Capital IQ are used. The Company adjusts the fixed impairment rates derived from these to reflect any significant changes in the economic environment.

c. Net gain/loss by measurement category

The net loss in the amortized cost measurement category of EUR -2,211,860 (2021: net loss of EUR -839,181) breaks down as follows. It is reported in the abovementioned items of the consolidated income statement.

in EUR	Category	2022	2021	Consolidated income statement item
Interest income	AC	3,160,937	2,077,039	Finance income
Interest expenses	AC	-3,535,911	-2,765,907	Finance costs
Exchange gains	AC	1,390,444	756,630	Other operating income
Exchange losses	AC	-1,634,345	-703,049	Other operating expenses
Impairment losses	AC	-1,592,985	-39,894	Other operating expenses
Reversals of impairment	AC	–	-164,000	Other operating income
Total		**-2,211,860**	**-839,181**	

d. Financial risks

Greencells is exposed to various risks through its business activities. These include, in particular, liquidity, default and currency risks. Targeted financial risk management helps minimize the negative impact of these risks on the Group's assets, liabilities, financial position, financial performance and cash flows. See section F.III and the management report for a description of the risk management system.

Liquidity risk

The following tables show the undiscounted contractually agreed interest and principal payments on financial liabilities that fall within the scope of IFRS 7:

in EUR	31 Dec 2022			
	Carrying amount 31 Dec 2022	Cash outflow in the next reporting period	Cash outflow in the 2024 reporting period	Cash outflow in a subsequent period
Cash outflow for financial liabilities	64,535,411	30,320,536	4,045,323	39,519,861
Cash outflow for lease liabilities	85,275	55,614	24,301	9,254
Cash outflow for trade and other payables	17,039,739	17,039,739	–	–
Cash outflow for liabilities within the scope of IFRS 7	**81,660,424**	**47,415,889**	**4,069,624**	**39,529,115**

in EUR	31 Dec 2021			
	Carrying amount 31 Dec 2021	Cash outflow in the next reporting period	Cash outflow in the 2024 reporting period	Cash outflow in a subsequent period
Cash outflow for financial liabilities	54.061.203	25.983.384	2.059.536	33.443.139
Cash outflow for lease liabilities	60.270	25.861	25.861	13.434
Cash outflow for trade and other payables	26.721.450	26.721.450	–	–
Cash outflow for liabilities within the scope of IFRS 7	**80.842.924**	**52.730.695**	**2.085.397**	**33.456.572**

in EUR	1 Jan 2021			
	Carrying amount 1 Jan 2021	Cash outflow in the next reporting period	Cash outflow in the 2024 reporting period	Cash outflow in a subsequent period
Cash outflow for financial liabilities	32,525,641	5,039,457	11,327,636	18,496,427
Cash outflow for lease liabilities	14,552	10,216	5,959	–
Cash outflow for trade and other payables	12,875,726	12,875,726	–	–
Cash outflow for liabilities within the scope of IFRS 7	**45,415,919**	**17,925,399**	**11,333,595**	**18,496,427**

The liquidity risk is increased due to the financial guarantees issued in favor of related parties of the sister group of Greencells Group Holdings Ltd. As of 31 December 2022, the maximum risk from a potential claim is EUR 96m (31 December 2021: EUR 45m; 1 January 2021: EUR 23m). The weighted remaining term of the financial guarantees in place as of 31 December 2022 is 1.5 years.

As of 31 December 2022, the Greencells Group had cash and cash equivalents of EUR 11,206k (31 December 2021: EUR 20,004k; 1 January 2021: EUR 18,415k) to cover the liquidity risk. In addition, the Greencells Group has available credit facilities of EUR 570k as of 31 December 2022 (31 December 2021: EUR 570k; 1 January 2021: EUR 570k).

Default risk

The Greencells Group's maximum default risk is determined by the carrying amounts of its financial assets. The abovementioned financial guarantees increase the default risk accordingly.

There is a concentration of risks since all loans have been issued to related parties of the sister group of Greencells Group Holdings Ltd. In addition, 90% of trade receivables were due from these related parties as of the reporting date (31 December 2021: 53%; 1 January 2021: 35%).

Foreign currency risk

The Greencells Group has a significant currency sensitivity to the USD on each reporting date. If the euro had been 10% stronger against the USD on 31 December 2022, this would have had a negative effect on consolidated profit of EUR 835k. If the EUR had been 10% weaker, profit would have increased by EUR 1,020k. In addition to currency sensitivity to the USD, there are also currency sensitivities to the Romanian leu (RON) on the reporting date of the current and comparative periods. On the date of transition to IFRSs, there was also currency sensitivity to the Malaysian ringgit (MYR).

The following table summarizes the effects on consolidated profit or loss of the hypothetical changes in exchange rates.

in EUR k	**31 Dec 2022**		**31 Dec 2021**		**1 Jan 2021**	
Effect on consolidated profit	Rate + 10%	Rate - 10%	Rate + 10%	Rate - 10%	Rate + 10%	Rate - 10%
EUR/USD	-835	1,020	-1,222	1,493	-396	484
EUR/RON	-334	408	-95	116	–	–
EUR/MYR	–	–	–	–	-118	145

The effect of a change in exchange rates on other comprehensive income is summarized in the table below:

in EUR k	31 Dec 2022		31 Dec 2021		1 Jan 2021	
Effect on OCI	Rate + 10%	Rate - 10%	Rate + 10%	Rate - 10%	Rate + 10%	Rate - 10%
EUR/USD	823	-1,006	980	-1,198	1,458	-1,782
EUR/RON	-101	124	103	-126	–	–
EUR/MYR	–	–	–	–	83	-102

Interest rate risk

Greencells is not exposed to interest rate risk on any of the reporting dates, as all interest-bearing receivables and liabilities are subject to a fixed rate of interest over their term.

F.V.26. Segment reporting

In its internal reports, Greencells presents its operations at the level of the individual EPC projects in particular. On the basis of this reporting, management, which is the chief operating decision-maker (CODM) responsible for evaluating the Company’s profitability and allocating resources, assesses business activities from various perspectives.

Greencells’ business activities mainly comprise the engineering, procurement and construction of turnkey solar power plants in the business-to-business (“B2B”) segment. These business activities are managed as a single segment. There is no part of the business that constitutes an operating segment in accordance with IFRS 8. Management evaluates the profitability of the Company on an overall basis only. Consequently, Greencells has just one operating segment.

Ratios derived from external reporting, such as gross profit, EBIT and EBITDA, are used as key performance indicators.

The following table shows revenue and non-current assets by region. The regional revenue shown below is determined according to the registered office of the customer.

in EUR	Germany	Rest of Europe	North America	Middle East	Asia	Greencells Group
Revenue 2022 [1)]	27,130,934	101,939,423	18,234,553	11,256,685	327,891	158,889,485
Non-current assets as of 31 Dec 2022	1,117,868	20,547	3,802	–	1,004	1,143,221

[(1)] Revenue by sales market

in EUR	Germany	Rest of Europe	North America	Middle East	Asia	Greencells Group
Revenue 2021	5,203,128	91,615,711	10,983,942	2,132,647	1,910,779	111,846,208
Non-current assets as of 31 Dec 2021	484,739	26,409	4,840	–	–	515,987

[(1)] Revenue by sales market

In fiscal year 2022, revenue from four customers accounts for more than 10% of the Greencells Group's revenue. Revenue from EPC projects with these four customers amounts to EUR 33.3m, EUR 27.0m, EUR 25.6m and EUR 19.8m, respectively.

F.V.27. Business combinations

At the beginning of the comparative period, Greencells acquired 100% of the shares in Greencells CEE S.R.L. (CEE), having its registered office in Cluj-Napoca, Romania, from the related party Greencells Group Holdings Ltd. The purchase price for the shares was EUR 750k. At the time of the acquisition, CEE employed around 100 people. CEE's business activities consist of carrying out the construction work for EPC agreements. In the comparative period, the statement of comprehensive income includes revenue of EUR 24k and total comprehensive income of EUR 397k from CEE.

The following assets and liabilities of CEE were identified during the purchase price allocation:

	RON	EUR
Assets		
Intangible assets	7,948	1,630
Property, plant and equipment	15,214	3,121
Inventories	33,423	6,856
Receivables	4,857,608	996,473
Cash and cash equivalents	3,387,275	694,854
Liabilities		
Provisions	216,110	44,332
Other liabilities	3,374,490	692,231

The purchase price paid (EUR 750k) net of the acquired net assets (EUR 966k) results in a negative consolidation difference of EUR 216k, which was recognized in profit or loss in the comparative period.

F.VI. Related parties

Related parties in accordance with IAS 24 are legal entities and natural persons that can influence Greencells GmbH and its subsidiaries or that are subject to the control or significant influence of Greencells GmbH or its subsidiaries. The main related parties of Greencells are the direct and indirect shareholders of Greencells GmbH, who can exert the same influence on Greencells Group Holdings Ltd., Abu Dhabi, United Arab Emirates, and its subsidiaries as they do on Greencells GmbH and its subsidiaries. This means that Greencells Group Holdings Ltd. and its subsidiaries in particular belong to the group of related parties. In addition, all non-consolidated subsidiaries as well as key management belong to the group of related parties of the Greencells Group.

The key management personnel are related parties since they are responsible for directing and controlling the activities of the Group. This group consists of the senior management of Greencells GmbH and thus the top management level, whose members are directly or indirectly responsible for planning, directing and controlling the activities of the Company. In addition to the CEO and CFO of Greencells GmbH, this also includes the key personnel Chief Strategy & Development Officer and Chief Technology Officer.

Total compensation for this group is presented in the following table:

in EUR	2022	2021
Short-term benefits	826	529
Share-based payments	185	0
Total	**1,011**	**529**

In addition to the contractually agreed monthly benefits, key management receives bonus payments for the past fiscal year and some special payments. As of 31 December 2022, short-term benefits include an amount of EUR 95k, which is expected to be paid out in fiscal year 2023. This amount is based on individual target agreements and depends on the degree of target achievement. In addition, there are consulting agreements amounting to EUR 311k (2021: EUR 275k).

With reference to the protective clause pursuant to Sec. 314 (3) in conjunction with Sec. 286 (4) HGB, the Company opts not to disclose total management board compensation.

Greencells' business model extends from project development to the construction and operating phases. The value chain is divided into two groups, headed by Greencells GmbH and Greencells Group Holdings Ltd. Both groups are under the same management and have a similar shareholder structure. Greencells Group Holdings Ltd. is responsible for the development of the solar projects, while the Greencells GmbH Group supports the Holdings Group in selecting, reviewing, acquiring, funding and the subsequent sale of the projects held as special purpose vehicles in its role as service provider and asset manager. The construction phase is carried out by Greencells GmbH, which is commissioned by Greencells Group Holdings Ltd. as an EPC supplier. Accordingly, there are intensive trade relations between these two companies and their subsidiaries, which are related parties.

In addition, Greencells GmbH substantially finances the development business of the Holdings Group through the bond it has issued since it makes the cash inflows from the bond available to the Holdings Group as interest-bearing loans for the development projects.

The activities described above give rise to extensive transactions with related parties, which are summarized in the table below:

in EUR	Income	Expenses	Financial receivables	Trade and other receivables	Financial liabilities	Trade and other payables
31 Dec 2022						
Holdings Group	74,379,777	0	50,666,954	29,094,403	0	868
Other related parties	64,433	537,083	363,387	0	25,479,928	0
Total	**74,444,210**	**537,083**	**51,030,341**	**29,094,403**	**25,479,928**	**868**
31 Dec 2021						
Holdings Group	24,043,829	193,147	18,365,360	22,305,273	0	1,162,748
Other related parties	2,129,234	113,569	11,201,763	202,629	302,672	0
Total	**26,173,063**	**306,716**	**29,567,124**	**22,507,902**	**302,672**	**1,162,748**
1 Jan 2021						
Holdings Group	-	-	7,095,451	2,952,396	1,201,280	0
Other related parties	-	-	0	690,240	4,183,712	0
Associates	-	-	1,370,501	5,289,883	9,642	0
Total	**-**	**-**	**8,465,952**	**8,932,519**	**5,394,634**	**0**

Income mainly comprises revenue from the settlement of EPC projects with the Holdings Group as well as interest income from loans to finance development projects. The year-on-year increase in both revenue and loans is due to the increased project volume. Other receivables include, in particular, claims arising from the services rendered in the EPC business. Liabilities increased due to the provision of a loan by a shareholder.

The conditions of the significant financing agreements are presented in the table below:

Agreement	Contractual partner	Maturity	Interest	Available limit in EUR k		Balance on 31 Dec 2022 (31 Dec 2021) EUR k
Financial receivables						
Loan facility agreement	Greencells Group Holdings	7 Dec 2025	10.0% p.a.	40,000		36,956 (10,328)
Loan facility agreement	Greencells Group Holdings	31 Mar 2024	5.5% p.a.	17,500		13,433 (7,886)
Financial liabilities						
Loan agreement	Zahid Group Holding Ltd.	31 Dec 2023	5.0% p.a.	25,000		-25,007 (0)

In addition, there were transactions with related parties in the reporting and the comparative periods (see sections F.II.3.b and F.V.27).

F.VII. Other notes

The financial statement auditor's fees for services rendered to Greencells were as follows:

in EUR	2022	2021
Audit services	218	64
Other attestation services	16	–
Total	**233**	**64**

F.VIII. Events after the reporting period

In spring 2023, the Holdings Group became aware of keen interest from potential buyers in acquiring the development portfolio and the development platform (especially the team and systems). In May 2023, the management bodies of Greencells GmbH and the Holdings Group therefore decided to carry out a detailed evaluation of the entire Group's strategy, taking the market conditions and in-depth discussions with shareholders and business and financing partners into account. Given the sustainable growth potential in the European EPC market and considering that procurement conditions are stable again, that there is "political tailwind" for the rapid expansion of renewable energy capacity to fast-track the energy transition as well as the unique selling propositions of the Greencells GmbH Group in this market, the decision was made to take advantage of the market environment, to focus the Group's overall strategy on the EPC business and to sell the entire development business of the Holding Group (portfolio and platform) in a structured process.

The proceeds from the sale will be used to repay the Holdings Group's liabilities to the Greencells GmbH Group. In the event of a sale, the Greencells GmbH Group would in turn use the funds for early repayment of the Green Bond (alternatively, the buyer could assume the liability by way of a change of debtor subject to approval of the required resolutions by the bondholders), to repay loans from the Zahid Group and to strengthen the liquidity base. In this way, the profitable growth of the Greencells GmbH Group will be combined with a leaner balance sheet and an improved risk profile.

It is envisaged that a tendering obligation will be agreed with the buyer for EPC contracts from the projects to be sold, which will entitle the Greencells GmbH Group to submit a corresponding EPC offer.

Within its own EPC business, the Greencells GmbH Group aims to achieve greater diversification of business types, with a shift from the capital-intensive "full EPC" business toward "EPC light," general contracting and construction only business. This will reduce project volumes, procurement risks, and financing and guarantee requirements.

In addition, all shares in Greencells Regio GmbH were sold in May 2023, as their activities are not a focus of the Greencells GmbH Group's business model.

Saarbrücken, 27 June 2023

Greencells GmbH

Andreas Hoffmann	Götz Gollan
General Manager	General Manager

Translation from the German language

Exhibit 2

Group management report for the Greencells GmbH Group for 2022

Contents

Preliminary remarks

In connection with the first-time adoption of International Financial Reporting Standards (IFRSs), the structure of the group management report has been changed compared to the prior year for improved clarity and depth of information. Any prior-year figures in the group management report that refer to the financial reporting are also stated in accordance with IFRSs.

1. Background of the Group

1.1 Description of the business model

Greencells GmbH, Saarbrücken, and its group companies (the “GmbH Group”) build turnkey solar power plants in the business-to-business (“B2B”) segment and, with around 420 employees, are one of Europe’s largest providers in this field. The completed power plants with a total installed capacity of over 2.6 GWp (as of April 2023) in more than 25 countries now generate enough green electricity to meet the average energy needs of more than one million households. Our main fields of activity are engineering, procurement and construction (EPC) and the technical operation and maintenance (O&M) of power plants worldwide.

Together with the co-subsidiary Greencells Group Holdings Ltd., Abu Dhabi, United Arab Emirates (forming the “Holdings Group” together with its group companies, together with the GmbH Group the “Global Group” or “Greencells”), which is a global solar project developer, the Group possesses the know-how in all project phases needed to design, finance, implement and operate solar projects from a single source.

Greencells’ strategy is to further expand its strong position in the dynamic and growing European solar power market as a pure play solar power supplier with what we consider to be in-depth technical expertise and, in particular, to exploit market potential in the emerging Eastern European solar power market.

The Holdings Group conducts project development through the special purpose vehicles it holds in the various countries together with local development partners, some of whom also hold shares in the project companies. The projects are then sold to investors when a suitable milestone is reached, e.g., when they are ready for construction, have been connected to the grid or are in the initial phase of operation. The construction of the power plants in Europe and North America is usually carried out by the GmbH Group, which bills the corresponding services to the respective project companies. In the Middle East, Africa, Asia and Pacific, the EPC business is also carried out by Holdings Group companies.

As a general contractor, the companies of the Greencells GmbH Group provide the necessary EPC and O&M services. In addition to the projects acquired by the sales department for third parties – who are often longstanding customers – these services are also provided for in-house development projects, thus securing a high degree of base capacity utilization. As an internal service provider and asset manager, the GmbH Group also provides significant support to the Holdings Group in the selection, review, acquisition, financing and subsequent divestment of the projects held as special purpose vehicles.

In addition, it finances the development business of the Holdings Group substantially through its secured 6.5% Green Bond 2020/2025 (ISIN: DE000A289YQ5) ("Green Bond"), the cash inflows from which are passed on to the corresponding development projects in the form of interest-bearing loans and which will be repaid when project companies are divested. The Green Bond, in turn, is essentially secured by pledging Holdings Group project companies.

1.2 Phases of the business model

With regard to the respective power plant projects, Greencells' business model can be divided into the phases (1) project development, (2) construction and (3) operation.

1.2.1 Project development

In the first phase, the Holdings Group develops solar projects – usually in cooperation with local project developers – until they are formally ready to build and ready for financing; the nature and scope of activity differs according to (i) the early phase of project development, (ii) the mid-development phase and (iii) the late development phase.

In the **early phase** of project development, the feasibility of a project is examined in detail from a technical, economic and legal perspective. This involves assessing local insolation levels, identifying and evaluating suitable sites, examining the possibilities for securing such sites over the long term, initially assessing the economic viability of a potential project on the basis of the available possibilities for marketing the electricity, e.g., via tenders, long-term power purchase agreements or specific statutory feed-in tariffs, construction and operating costs, financing options and possibilities for connecting to the grid or selling to local power users as well as checking permit requirements. In this phase, the cost of verifying the basic feasibility of a project is low. In the early phase, the Holdings Group selectively conducts its own developments or carries out its own assessment of the feasibility of potential development partners' projects, drawing on its own experience in the construction and operation of solar projects. We believe that this experience and know-how-based analysis of the feasibility of a potential development project is a significant competitive advantage and an important filter for minimizing possible development risks. To standardize this process, Greencells has been using an internal system to steer the development process since 2022, which allocates the financial and organizational resources required in each project phase according to the progress of a project's feasibility.

If the feasibility analysis is positive, the first step in the **mid-development phase** is usually to establish a project company (special purpose vehicle). This is followed by formally securing the land by entering into lease or purchase options and making the necessary preparations to secure the grid connection. Necessary expert opinions, such as environmental impact assessments and soil analyses, e.g., for technical suitability, contamination, archaeological heritage or legacy issues are prepared. At the same time, the possibilities for landscaping and, if necessary, for combining PV with agricultural use are analyzed. Formal permit applications to the competent authorities are prepared and submitted, including the results of environmental impact assessments and other surveys. Furthermore, all formalities regarding feed-in approval and the transmission route are cleared with the local grid operators and energy utilities. As a rule, the Holdings Group enters into development cooperations in the mid-development phase, at which point the feasibility of the projects can be reliably assessed. For this purpose, comprehensive economic viability calculations are performed and external expert opinions are obtained. The Holdings Group always strives to be an effective partner to the public authorities, land owners and local residents and to incorporate nature and landscape conservation considerations into the planning and subsequent implementation.

In tandem with the abovementioned measures, an initial detailed planning and costing of the construction of the power plant is carried out by the GmbH Group's operations team. Preliminary finance planning also commences. In this phase, the Holdings Group usually acquires the project rights from the local developers in the early phase and attaches the payment of the purchase price to the achievement of key milestones of the project, such as firm grid connection commitments, designation of the site for the construction of a solar park by the competent authorities or formal building permit. In addition, the definition of the milestones incentivizes the development partner, ensuring that they bear a purchase price risk until the plant is connected to the grid. In addition to the milestone payments, cooperating on the sale of project rights in the mid-development phase means that local developers have access to Greencell's expertise in development, grid connection, procurement, construction and financing. The Holdings Group acts as an enabler and optimizer in this phase, reducing the implementation risk. In many cases, it is only by teaming up with Greencells that development partners are able to provide guarantees, e.g., for grid connection or participation in tenders.

Finally, in the **late development phase**, the financing model is finalized. This is done on the basis of verified schedules, investment, finance and cost plans, which have already been coordinated by the GmbH Group (technology, procurement and finance) with suppliers, service providers and financing institutions with regard to construction financing and/or project financing. After this, the preliminary technical planning is completed. During this phase, the building permits are also formally issued, at the same time the grid connection and the cable route are formally secured and the grid operator's technical specifications for the connection are finalized. In addition, the marketing of electricity is typically determined either by participating in government tenders or entering into power purchase agreements (PPAs) with manufacturing companies or utilities.

The Holdings Group selectively enters into development collaborations in late phases or can acquire project rights, in particular to secure EPC contracts and the corresponding margins.

1.2.2 Construction

For projects in Europe and North America, the companies of the GmbH Group mainly provide EPC services in the construction phase, while projects in the Middle East, Africa and Asia are executed by the Holdings Group, which in turn utilizes the internal resources of the GmbH Group. The latter regions will no longer be relevant for Greencells in the future as it focuses on the European markets.

Implementation is usually as a general contractor for turnkey construction. The GmbH Group plans the entire construction project and is responsible for erecting the plant and any accompanying work, in particular for connecting to the power grid. This includes pre-planning, design and engineering, procurement, construction and project management, selecting and coordinating subcontractors and suppliers, construction work and comprehensive support services, in particular in construction progress control, cost control, quality management, achieving the technical conditions for connection, warranty management and certification. The actual construction of the power plant is done both by in-house specialists (from the group company Greencells CEE Srl, Cluj, Romania), who are deployed internationally, and by local subcontractors with whom the GmbH Group has often worked together successfully for many years.

In connection with the projects, Greencells usually provides the customer with completion guarantees (time and costs), warranties and performance guarantees to the highest standards.

The GmbH Group also has its own procurement team and longstanding and proven relationships and framework agreements with suppliers of Tier 1 components (modules, inverters, substructure) and believes that this gives it an edge over other competitors in terms of availability, purchase prices and other terms and conditions.

The components, which often account for up to 50% of the total cost of a project, are usually sourced by the GmbH Group. Depending on the milestone payment terms agreed with the customer, substantial bridge financing may be required in some cases. This may also be backed by letters of credit and other types of trade finance. In certain projects, however, the components can be procured directly by the customer (EPC light).

The financing of the solar projects during the construction phase and the necessary guarantees, sureties and other collateral products are provided by an extensive network of financing partners.

After the solar park has been commissioned and connected to the grid, power production and export initially begins in a testing phase with a start-up curve agreed with the grid operator. The ability to control power generation from park for the provision of grid services, grid compatibility and compatibility with any energy storage systems to be installed at a later date is also tested.

1.2.3 Operation

During the operation phase, a distinction can be made between early operation and long-term operation. Solar projects are designed to last at least 30 years and, due to the technical quality of the modules, can run for up to 50 years – with low and predictable transmission line losses due to degradation. The replacement of inverters is often scheduled during this time, for which reserves are factored into the calculation from the outset.

During the operation phase, the GmbH Group offers O&M services, usually limited to the first two years of operation, and/or carries out the asset management for the project company, thereby helping to ensure that the operation, profitability and service life of the solar parks are optimized for the benefit of the end investors. Depending on the project, this may include the marketing of power, providing billable grid services, arranging connections to energy storage systems or integration in virtual power plants.

1.2.4 Divestment of projects

As a rule, the Holdings Group's projects are divested by the special purpose vehicles at the end of the development phase, i.e., when they are ready to build (RTB). However, in order to recover funds early, projects may be sold before that, or purchase agreements may also be concluded that provide for early advance payments by the buyer until RTB status is achieved.

In some cases, the purchase agreements for projects are also structured in such a way that the shares are not transferred to the buyer until solar park has been built turnkey completion. When shares are transferred at an earlier stage, the operator company holds the project right, i.e., the right to build and operate the solar park on a specific site, which is thus transferred to the investor when the shares in the operator company are sold (sale of the project right). In such a sale of the project right, the investor becomes the owner of the shares in the operator company before construction starts and bears the risks associated with construction and the start-up of operation, but secures them by means of warranties, guarantees, claims for damages or rights of withdrawal against the seller of the shares or the general contractor. The power plant can also be constructed by third-party EPC providers.

Where projects are divested before reaching RTB status, the Holdings Group usually enters into development service agreements (DSAs) undertaking to perform the development work needed to achieve RTB status. Conversely, some projects are not sold until after they have been built and are in the early operating phase. A sale after an initial operating period regularly commands a higher purchase price because planning parameters can be backed by real-world figures, e.g., insolation, performance ratio, energy production. The performance ratio, a key quality indicator for assessing the performance of solar parks, is often higher than originally planned for the plants built by Greencells.

Within this range, the ideal time of sale is determined for each project held by the Holdings Group. A project can be divested individually, or by combining several projects in a portfolio. Parallel to the sale in project phases up to RTB status, a contract is usually concluded between the project company and the GmbH Group for the construction and, if necessary, the provision of O&M services for the sold project. Therefore, in addition to the actual purchase agreement for the shares of the project company, the sale documentation often contains further agreements relating to development work (DAS), construction (EPC) and operation (O&M, asset management).

1.3 Group structure and operating companies

The parent company of the GmbH Group is Greencells GmbH, founded in 2009 and based in Saarbrücken with branches in Romania and Hungary, and which employed an average of 94 full-time employees (FTEs) in fiscal year 2022. It is typically the contractor for the EPC and O&M business and provides asset management services for the Holdings Group. The Company's management, with the previous sole general manager Andreas Hoffmann (CEO), was enlarged with effect from 1 September 2022 when Götz Gollan joined as new CFO.

At the end of 2022, the GmbH Group had the following operating group companies that were fully consolidated in the consolidated financial statements for 2022 (in alphabetical order; (wholly owned, except where otherwise stated):

- Greencells CEE S.r.l., Cluj-Napoca, Romania
- Greencells Construction Kft., Budapest, Hungary
- Greencells Hungary Kft., Budapest, Hungary
- Greencells Regio GmbH, Losheim am See, Germany
- Greencells USA Inc., Atlanta, USA
- Pekan Energy I Pte Ltd, Singapore, with its subsidiary Halpro Engineering Sdn Bhd, Kuala Lumpur, Malaysia (0.08%)

Greencells CEE S.r.l., which employs the experienced installers required for the construction part of the EPC business, is central to value creation in the GmbH Group. With over 230 employees (FTEs, annual average 2022), the Company is also the largest employer in the GmbH Group.

Greencells Construction Kft., Greencells Hungary Kft. and Greencells USA Inc. carry out EPC projects in Hungary and the US.

Greencells Regio GmbH implements photovoltaic projects for smaller ground-mounted systems and rooftop systems on the German solar market. The Company was sold in its entirety in May 2023 as its activities are not central to the GmbH Group's business model.

Companies were established in Asia in the past to develop and build the Pekan solar park in Malaysia. These include Pekan Energy I Pte. Ltd. and Halpro Engineering Sdn Bhd. This project was wrapped up on 16 December 2021 following the completion of construction work and subsequent partial sale of the project company Halpro Engineering Sdn Bhd. Pekan Energy I Pte. Ltd. continues to hold shares in the solar park Pekan as a holding company.

Solar Polska New Energy Projekt Nowogard PV z o.o, Szczecin, Poland, another subsidiary of Greencells GmbH, does not currently have any operational function and is not consolidated.

1.4 Objectives and strategy

The entrepreneurial goal of Greencells is to establish itself as one of Europe's leading full-service providers for the development, design, engineering, construction and operation of solar power plants, to generate sustainable positive earnings and net cash flows and at the same time to make a substantial contribution to climate-friendly and sustainable energy generation.

This objective is to be achieved in particular through the following strategic measures:

1.4.1 Specialization in solar energy in response to climate change

All around the world, large-scale government programs such as the European Green Deal are aimed at promoting renewable energy production and averting climate change. Institutional investors are increasingly training their sights on climate-conscious investments. Large companies are trying to stabilize their energy costs amid rising energy prices and volatility. Market structures are changing dynamically – for example, European solar power purchase agreements (PPAs) are replacing previous feed-in tariffs. Global carbon emissions are rising again after the pandemic.

At the same time, renewable energy sources are now economically competitive. The segment includes various methods of sustainable energy generation. Solar power has drastically improved its cost structure in recent years and is now the cheapest source of energy.[1] At the same time, advancing digitalization enables an increasingly better integration of energy generation, storage, transport and consumption. The production of green hydrogen also requires the use of renewable forms of energy.

Against this background, Greencells has made a strategic decision to continue to operate exclusively in its established solar power segment. The Company is thus positioning itself as a pure-play provider of turnkey solar power plants, leveraging its competitive advantages from many years of project experience.

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[1] Bloomberg Finance, 2022, internet

This strategy does not exclude the creation of added value together with producers of other forms of energy, for example by co-using sites with wind turbines and thus sharing existing feed-in points.

1.4.2 Regional focus on Europe

After several years of internationalization, during which Greencells was active in almost all relevant regions of the world, its focus now and in the future is on the European markets. According to estimates by Solar Power Europe, the segment of utility-scale photovoltaic power plants, which is relevant for Greencells, is expected to more than double from around 17 GWp to 43 GWp over the next four years.[2] In our opinion, this alone holds immense business potential for Greencells.

Furthermore, in Europe, the Company operates in a comparatively homogeneous legal, customs and currency area, in countries where it has already gathered extensive experience. Greencells also benefits from its physical proximity, which enables the optimized deployment of its highly qualified and experienced installation teams and reduces dependence on external partners. Through its country managers, the Company is well connected and established in the various local markets. Particular potential is seen in the Eastern European countries, where it has already successfully entered the first markets, namely Poland, Hungary and Romania.

Greencells management also sees lower technology risks and strategic advantages associated with developed European markets for renewable forms of energy with experienced players along the entire value chain, also with regard to project finance (efficient financial and capital markets, euro area). The expansion of renewables is also receiving strong political support in the European Union through the European Green Deal, combined with financial incentives.

The European markets are becoming even more attractive as commercial investors (e.g., energy producers, oil companies, industrial companies) are keen to acquire photovoltaic projects for energy generation. Institutional investors are also stepping up their activities in this asset class in order to meet their investors' appetite for sustainable (ESG – Environment, Social, Governance) investment opportunities or to reallocate funds from the (contracting) real estate market.

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[2] SolarPower Europe, 2022b, p. 29

The Company will gradually phase out its activities in other regions of the world and sell or liquidate the local entities. Nevertheless, in certain cases, it will still be able to take advantage of opportunities in non-European OECD countries with an attractive risk-return profile. However, it sets high standards for compliance, project yield and the legal and political environment.

1.4.3 Focus on specific project types and sizes

The Company focuses on power plants in the range of 20 to 250 MW. Greencells spans the entire value chain. It holds particular competitive advantages for projects with high quality and technology standards. The increasing complexity created by the need for grid integration, demand management, storage, hybrid solutions, agrivoltaics, floating photovoltaics or carport solutions makes Greencells a preferred partner for local developers and investors, as the Company has many years of project experience, extensive technological expertise (also through its own R&D), in-house engineering capabilities and technology alliances.

In addition, when initiating and negotiating EPC projects Greencells strives to minimize the working capital required for procurement. This can be done, for example, by arranging appropriate milestone payment plans or “EPC light” structures (where customer sources key components directly from the supplier).

1.4.4 Expansion of in-house installation team

According to management, the EPC installation team will be instrumental in achieving further growth. The expansion and continuous further qualification of the team based on a special training concept ensures its availability and a high quality of training. Investments in the team and infrastructure as well as the use of the pipeline of the Holdings Group’s projects will increase the volume of services in the future, boost efficiency, stabilize capacity utilization and reduce negative effects from project postponements (which will remain unavoidable in the future) through a better distribution of risk associated with the increased size.

1.4.5 Co-development strategy and in-house development

Through the Holdings Group's own project development activities, Greencells has access to an extensive internally generated EPC pipeline with a firm contractual basis outside the competition.

After a lengthy investment phase, since mid-2022 the Holdings Group has been channeling its efforts into the sale of projects and winning co-investors. The aim is to transfer the funds tied up in investments to a cycle of revolving generation of profits from project development and liquidity surpluses.

1.4.6 Creation of more financial headroom

In the transition from the investment phase to a revolving business model in the Holdings Group's development business, significant funds will be freed up, some of which will be used to repay financing granted by Greencells GmbH. In turn, the latter will use the funds to repay loans from the Zahid Group and to create a substantial and sustainable liquidity base. This is expected to significantly improve debt-related balance sheet ratios. At the same time, it will allow the GmbH Group to meet any temporary working capital requirements from EPC projects from its own funds. According to the management, this will structurally improve creditworthiness and reduce the currently high dependence on financing partners.

1.5 Financial management system

In recent years, key elements of the financial management system were revenue, earnings before interest and taxes (EBIT), return on revenue and cash flow from operating activities. In addition, key covenants from loan and insurance agreements are equity and equity ratio, and earnings before interest, depreciation and amortization (EBITDA).

Due to the sharp increase in the Holdings Group's investment volume, which is financed by the GmbH Group's funds, as well as the associated increase in the GmbH Group's debt and leverage ratio, the key indicators were adjusted as follows in order to ensure that they can be managed commensurate to risk:

- Revenue (in the separate financial statements of Greencells GmbH (HGB) plus changes in finished goods and work in process)
- EBIT and EBIT margin

- Free cash flow (including cash flow from the financing of the Holdings Group)
- Equity
- Net debt and net debt leverage ratio (net debt/EBITDA)
- Free liquidity (bank balances and available credit facilities)

Management aims to achieve sustainable profitable revenue growth, combined with the use of economies of scale, which will translate into a disproportionately high increase in EBIT and EBIT margin.

In our view, free cash flow should be positive over the long term and, with the exception of passing on and reinvesting placement proceeds from the Green Bond, should no longer include financing payments to the Holdings Group. In the future, the Holdings Group will instead be financed through project sales and by winning co-investors at the level of the Holdings Group itself. Where projects financed with bond funds are sold, the reinvestment of funds is subject to the requirements of the Green Bond Framework. As the Green Bond is due to mature in December 2025, it is planned to hold back a gradually rising volume of cash inflows in 2024 and 2025 for repayment purposes.

According to management’s plans, this should increase free liquidity, significantly reduce net debt and provide enough working capital at any time during the year to finance the GmbH Group’s growing EPC business. In combination with improved EBITDA, the net debt leverage ratio is also to be significantly and permanently improved and the Company’s rating with banks and insurance companies is to be strengthened.

Revenue and EBIT (with the exception of administrative and overhead costs) are managed at project level. For this purpose, appropriate criteria are applied in the project selection process and project-specific performance analyses and target/actual comparisons are carried out on an ongoing basis for existing projects. Administrative and overhead costs are planned at cost center level and analyzed monthly for deviations.

Cash flow from operating activities is also planned and monitored on a project-by-project basis. All other cash flow inputs are evaluated on a monthly basis, or on a weekly basis if available on a short-term basis. Cash flows with the sister group, banks and shareholders are managed jointly by management and the treasury team.

Exhibit 2

1.6 Key elements of the accounting-related internal control and risk management system

Greencells GmbH prepares consolidated financial statements pursuant to Sec. 315e (3) HGB [“Handelsgesetzbuch”: German Commercial Code] in accordance with IFRSs as adopted by the European Union (EU). The group financial reporting is subject to accounting, measurement and presentation risks.

To address these risks, Greencells GmbH has what we believe is an experienced team that provides internal accounting services for Greencells GmbH as the most important GmbH Group company. The accounts of other domestic and all foreign GmbH group companies are kept by local tax consulting and auditing firms or by specialized service providers. Greencells GmbH supports them, defining guidelines to ensure that transactions are posted consistently within the Group. The data are transmitted to Greencells GmbH on a monthly basis and are quality-assured by its in-house team.

The consolidated financial statements in accordance with IFRSs are prepared centrally by Greencells GmbH. As they were prepared for the first time in accordance with these standards for fiscal year 2022, the Company was supported by an experienced auditing firm.

As far as is technically possible, the IT systems featured appropriate safeguards affording a high level of protection against unauthorized access and data loss. Group financial reporting is structured in a systematic and multi-layered process with various control functions.

There are plans to expand the accounting team. It will also be placed under joint divisional management together with the Holdings Group team in order to integrate the two teams and increase efficiency. The further automation of the accounting function is being driven forward by the ongoing rollout of a new ERP system (Business Central) and consolidation software.

Both the annual financial statements of group companies subject to audit and the consolidated financial statements were audited by auditors in accordance with the applicable legal requirements and auditing standards and submitted to the oversight bodies of the companies for review within the scope of their responsibilities.

2. Economic report

2.1 Macroeconomic conditions

According to the Kiel Institute for the World Economy (IfW)[3], global economic growth slowed significantly in 2022 from 6.2% in 2021 to 3.2%. High energy prices and widespread uncertainty, significantly exacerbated by Russia's war against Ukraine and global geopolitical developments, were major influencing factors. Monetary policy also had a dampening effect as the year progressed, tightening very quickly due to high inflationary pressures. Overall, production remained on an upward trajectory into the fall, boosted by the easing supply shortages and the ongoing normalization of activity in the economic sectors most affected by the coronavirus pandemic. At the same time, however, this development was overshadowed by a slowdown in economic momentum towards the end of the year, which mainly in the major advanced economies. Moderate global economic growth of 2.5% is forecast for fiscal year 2023.

At the end of 2022, the economic area of the European Union was on the brink of recession, but narrowly avoided it overall. Economic activity in the first half of 2022 was still fueled by catch-up effects in the wake of the coronavirus pandemic. These developed enough momentum to absorb the negative effects of the surging energy prices caused by the Ukraine war. As a result, the European Economic Area achieved GDP growth of 3.6% for the year (2021: 5.4%).

Economic activity in the emerging markets lost steam. The Chinese economy was weighed down throughout 2022 by the impact of the continued zero-Covid policy and the lengthy and strict lockdowns. Although these restrictions were lifted at the beginning of December 2022, overall China's GDP declined from 8.4% in 2021 to 3.0%. Most of the other Asian emerging markets also recorded fairly strong production growth. In Latin America, the economy remained on an upward trajectory, but the double-digit growth rates achieved in many places in the prior year were no longer achieved.

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[3] Gern et al., 2023

2.2 Industry environment

Focus on solar energy

The provision of secure, clean and affordable energy is increasingly shifting into the economic, political and social focus, for example through the European Commission's plan to rapidly reduce the EU's dependence on Russian fossil fuels (REPowerEU) presented on 18 May 2022. The energy and humanitarian crisis unleashed by the war in Ukraine has global consequences. At the same time, there are signs of a general lack of progress toward achieving climate targets – CO_2 emissions have increased every year since the Paris COP in 2015 (bar 2020).[4] The effects of climate change, such as more frequent extreme weather events, are becoming increasingly apparent. This is forcing political and economic decision-makers to act more quickly and decisively.

At the same time, however, this major challenge for the global community is proving to be a catalyst for renewables. Fatih Birol, Executive Director of the International Energy Agency (IEA), sees a potential historic turning point towards a cleaner and more secure energy system thanks to the unprecedented response from governments around the world, including the Inflation Reduction Act in the United States, the Fit for 55 package and REPowerEU in the European Union, Japan's Green Transformation (GX) program, Korea's goal to increase the share of nuclear and renewables in its energy mix, and the ambitious clean energy targets in China and India.[5]

Programs for the promotion and rapid expansion of decentralized, renewable energy generation are being launched and expanded worldwide. For example, in its REPowerEU plan, which supplements the existing European Green Deal, the European Union is drafting an action plan to reduce dependence on Russian oil and gas imports as quickly as possible. Besides facilitating fast action to source alternative energy capacities, it is dedicated to promoting the expansion of renewables and increasing their share of the electricity mix to 45% in 2030. The aim is also to accelerate the granting of official permits for new renewable energy projects and initiate a renaissance of European component production.[6] At the same time, the Inflation Reduction Act in the US provides clear incentives for the expansion of wind and solar power, grid expansion and the promotion of green hydrogen, electromobility, biomass and carbon storage.[7]

[4] BP p.l.c., 2023, p. 7
[5] International Energy Agency, 2022, p. 3
[6] European Commission, 2022, internet
[7] BP p.l.c., 2023, p. 37

Over EUR 289b[8] invested in solar energy in 2022

Institutional and retail investors are increasingly seeking sustainable investment opportunities that align with both their own convictions and the changing legislative framework (such as the EU's Sustainable Finance Disclosure Regulation (SFDR)).

In this context, BloombergNEF estimates that renewables already reached unprecedented global investment levels in 2022. More than EUR 465b flowed into renewable forms of energy, with more than EUR 289b being invested in solar power alone.[9] As a real asset, it is gaining traction because PV farms are easy and quick to set up, contribute directly to reducing CO_2 emissions and generate a steady stream of income for investors. Riding on this wave of capital inflows, a record expansion of an estimated 260 GW of solar capacity was added worldwide in the course of 2022.[10]

Long-term elevated demand for renewable electricity

Demand for electricity from renewable sources is also driven specifically by large-scale industrial consumers and energy producers through power purchase agreements (PPAs). Part of this demand comes from these customers' sustainability strategies (for example, from data centers or energy-intensive manufacturing industries that want to improve the carbon footprint of their operations). However, since the outbreak of the war in Ukraine and the resulting volatility in energy prices, PPAs were also increasingly used to hedge against further electricity price increases in the course of 2022.[11]

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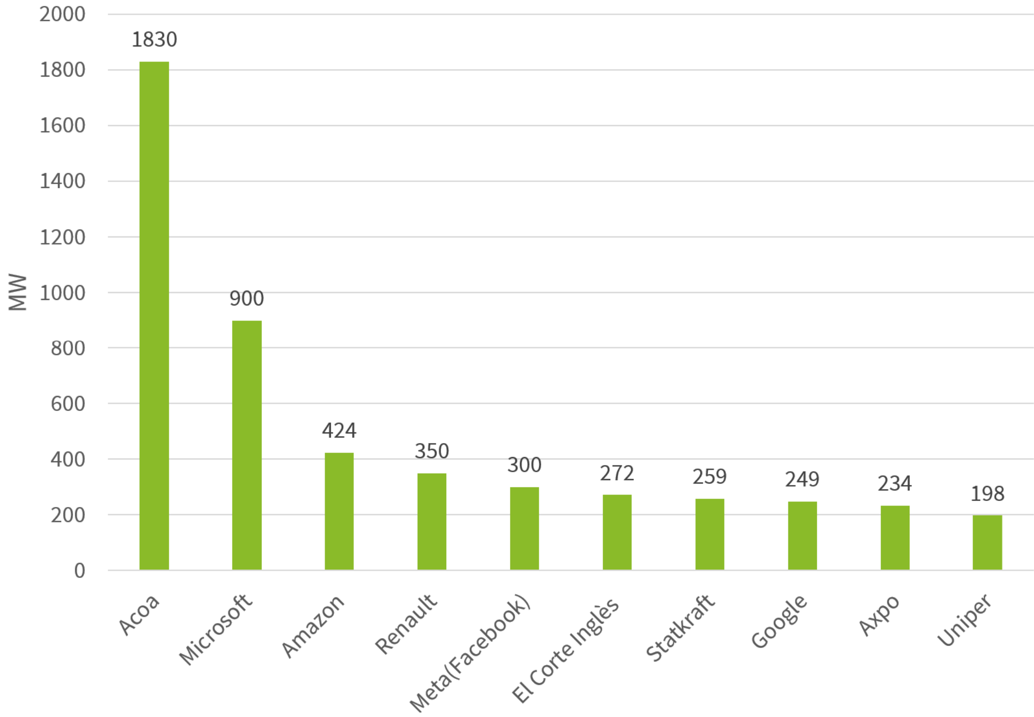
[8] Amounts in this section have been translated using the exchange rate as of 15 March 2023 of US$ 1 = EUR 0.94
[9] Bloomberg Finance L.P., 2023, internet
[10] Bloomberg Finance L.P., 2023, internet
[11] Pexapark, 2023, p. 13

Exhibit 2

Top buyers (mixed), by disclosed contracted volumes in MW



Source: Pexapark, 2023, p. 19

Solar breaks through the terawatt barrier

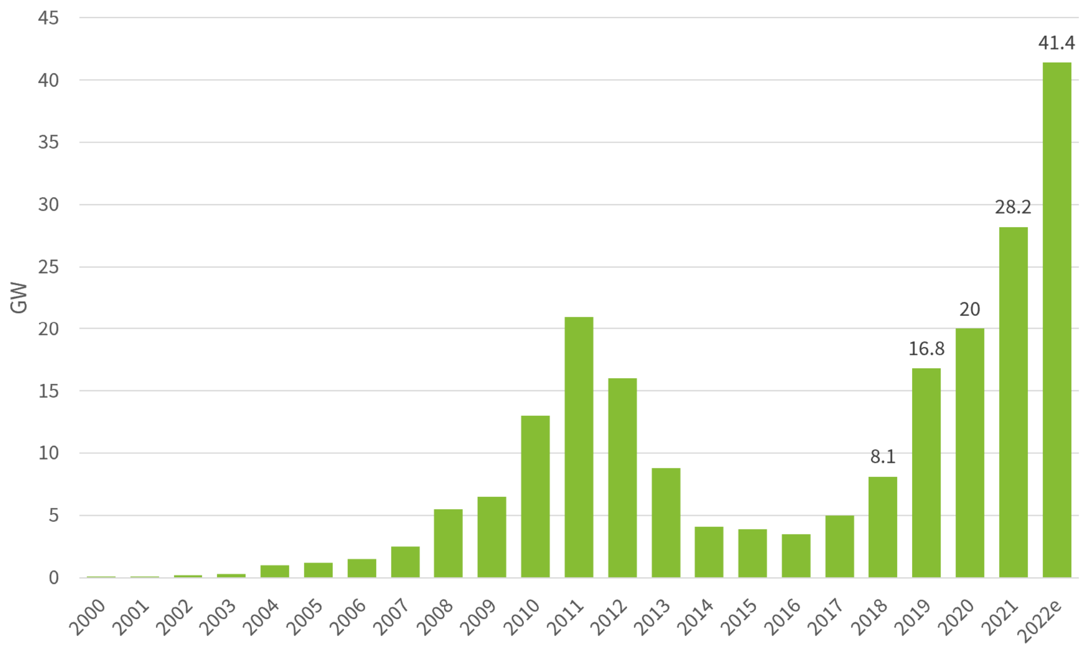
Being fast and easy to deploy, solar energy plays an important role in meeting the rising demand for electricity. Thus, the total capacity of solar plants connected to the grid globally hit the terawatt mark in April 2022. [12]

Record addition of solar capacity in Europe

With a record 41.4 GW of solar capacity added and a doubling of additional capacity in 2022 compared to previous forecasts[13], management considers Europe to be the powerhouse of the solar industry.

[12] SolarPower Europe, 2022a, p. 5
[13] SolarPower Europe, 2022b, p. 5

Exhibit 2



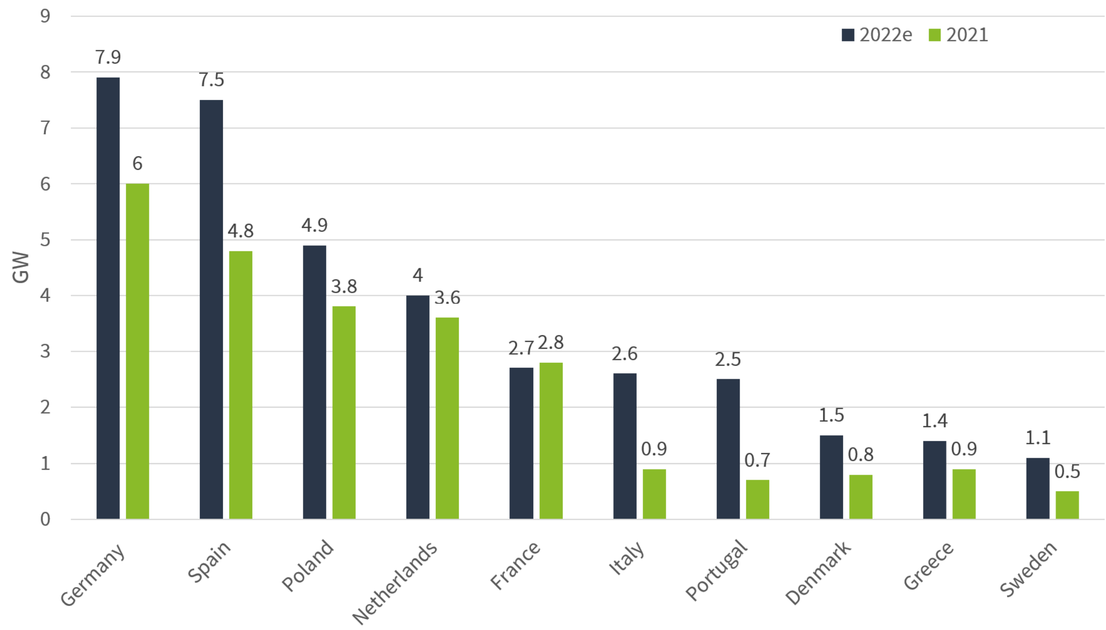
Source: SolarPower Europe, 2022b, p. 13

The top 10 solar markets included Germany, Spain, Poland, the Netherlands, France, Italy and Greece, seven markets in which the Greencells GmbH Group operates directly as an EPC service provider or through the development activities of its sister company Greencells Group Holdings.[14]

[14] SolarPower Europe, 2022b, p. 15

Exhibit 2

EU27 TOP 10 PV markets 2021 to 2022



Source: SolarPower Europe, 2022b, p. 15

Challenges

In response to soaring energy costs, the European Commission announced a revenue cap on energy prices at EUR 180/MWh in September 2022, which can be implemented individually by member states. This has resulted in a medley of differing regulations with varying caps in different member states.[15] Even if the measures are temporary, they represent a regulatory uncertainty in the short term that must be mitigated by investors and energy producers.

Another challenge is the availability of skilled workers. Like other sectors of the economy, the solar industry is also affected by the general shortage of skilled labor.[16] The Greencells GmbH Group is in an advantageous position in this respect thanks to its in-house installation teams and the additional capacities built up in the course of fiscal year 2022 to counteract this effect.

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[15] Pexapark, 2023, p. 36f
[16] SolarPower Europe, 2022b, p. 24

The supply chain shortages that have been prevalent in recent years eased over the past year, even though the Chinese government's partly uncoordinated zero-Covid policy continued to cause disruptions. According to management, the relaxing of restrictions combined with lower logistics costs, provides a more stable planning basis for the industry.

2.3 Financial performance and revenue

The GmbH Group recorded significant revenue growth in fiscal year 2022 and was also able to significantly improve its earnings and margins.

Revenue increased by 42.1% year on year to EUR 158.9m, with the EPC business being the main source of revenue, as in the prior year. The main revenue drivers were three projects in Hungary and one in Germany. Revenue from asset management services with the Holdings Group also rose to EUR 8.9m (prior year: EUR 1.7m). O&M revenue, on the other hand, remained relatively insignificant.

Cost of sales, the largest single item of which relates to modules, rose at a lower rate by just 27.8% to EUR 137.2m, so that gross profit increased almost fivefold to EUR 21.7m (prior year: EUR 4.4m). This significant improvement was primarily attributable to earnings contributions from two projects in Germany and Hungary and to higher asset management revenue.

Selling expenses – mainly personnel expenses and marketing and trade fair costs – decreased by 48.6% to EUR 221k and were insignificant overall.

General and administrative expenses, on the other hand, increased significantly by 85.7% to EUR 9.9m (prior year: EUR 5.3m). These costs were mainly attributable to personnel expenses (EUR 4.4m; prior year: EUR 2.6m) and consulting services (EUR 2.4m; prior year: EUR 1.2m). The increase in personnel expenses includes one-time effects in connection with the changes in management at the C-level in fiscal year 2022.

Other operating income decreased in the reporting year from EUR 2.4m to EUR 1.7m, mainly due to income from currency translation (EUR 1.4m, prior year: EUR 757k).

On the other hand, other operating expenses increased from EUR 861k to EUR 5.4m. In addition to expenses from currency translation (EUR 1.7m, prior year: EUR 703k), they primarily include one-time effects from bad debt allowances (EUR 1.6m, prior year: EUR 40k) and provisions for possible damages (EUR 800k, prior year: zero) as well as a fee for a project in Hungary of EUR 447k (prior year: zero).

On balance, the operating result (EBIT) improved significantly from EUR 233k to EUR 7.9m and the EBIT margin rose from 0.2% to 5.0%.

The financial result mainly reflects the effects of borrowing under the Green Bond and loans from Zahid Group Holding Limited, Dubai, United Arab Emirates (“Zahid Group”), on the one hand, and loans (plus an interest margin) to the Holdings Group on the other. In line with the increase in the volume of debt and receivables in the reporting year, the balance of interest expenses and interest income improved from EUR -1.1m to EUR -610k. In the prior year, the financial result was also negatively impacted in the amount of EUR 2.5m by investments accounted for using the equity method.

In the reporting year, earnings before taxes thus improved by EUR 10.7m to EUR 7.3m (prior year: EUR -3.3m), which corresponds to a margin of 4.6% (prior year: -3.0%).

Income tax expenses increased significantly from EUR 811k to EUR 2.8m and include EUR 252k (prior year: EUR -545k) in deferred taxes.

As a result, consolidated profit for the period improved by EUR 8.7m from EUR -4.2m to EUR 4.5m. Return on revenue was 2.8%, after -3.7% in the prior year.

2.4 Order intake

The GmbH Group was able to win a large number of new contracts in 2022 and has further projects at advanced stages of negotiation. The budget and forecast for 2023 is based on a total of 22 EPC projects (prior year: 14) with a total capacity of 484 MWp (prior year: 226 MWp) in various construction phases, of which two projects (prior year: two) are attributable to the Holdings Group. For 18 projects, project contracts (EPC agreement or early works agreements) had already been signed at the time the budget was prepared.

2.5 Research and development

From management’s point of view, a high level of technical expertise and the resulting early adoption of innovations have always been a competitive advantage for Greencells throughout the Company’s history. Greencells GmbH maintains its own research and development department, which employed five people (prior year: five) as of 31 December 2022. The department primarily conducts project-related and market-driven development work, but does not engage in basic research. Expenses came to EUR 260k (prior year: EUR 286k) in 2022.

In 2022, the department focused on work to increase productivity and integrate digitalization in PV-related applications. For example, a design for the vertical mounting of bifacial solar modules and various concepts for the improvement of tracker substructures were developed.

The Company is a project partner in a project funded by the German Federal Ministry of Education and Research (ViSaar) to promote virtual working, supporting companies from Saarland and Saarland as a business location. As part of the research project, Greencells, in cooperation with other companies, presents current and future application examples in the solar sector, such as construction site monitoring via drone or digital communication tools used during construction.

Increasing efficiency and continuously reducing the costs of using photovoltaics remain key factors in enhancing the competitiveness of solar power. In our experience, customers value the technical expertise brought to the table by Greencells, as cost savings and yield maximization can be achieved through the planning and use of state-of-the-art technologies.

2.6 Assets and liabilities

In the reporting year, the main changes in the GmbH Group's statement of financial position were prompted by the raising of additional Green Bond funds, their transfer to the Holdings Group and by effects of EPC business projects and their financing.

On the assets side, non-current assets grew significantly by EUR 32.9m, from EUR 19.1m to EUR 52.0m in the reporting year. Their share of total assets, which increased by 7.3% to EUR 112.2m (prior year: EUR 104.5m), thus rose to 46.4% (prior year: 18.2%). They consist almost exclusively of financial receivables (EUR 50.7m, prior year: EUR 18.4m) in the form of receivables from companies in the Holding Group and from non-consolidated subsidiaries.

Conversely, current assets declined by 29.6% to EUR 60.2m (prior year: EUR 85.5m). Their share of total assets thus came to 53.6% (prior year: 81.8%). The decline is attributable to the reduction of trade receivables and other financial and non-financial assets (EUR 42.3m, prior year: EUR 63.1m), which decreased by EUR 20.8m in connection with projects, among other things. This includes other financial assets, which declined significantly in the reporting year following the collection of the receivable from the sale of Halpro Engineering Sdn Bhd. (EUR 68k, prior year: EUR 11.2m). Cash and cash equivalents also decreased from EUR 20.0m to EUR 11.2m. By contrast, inventories increased by EUR 4.3m from EUR 2.3m to EUR 6.7m.

As a result of the consolidated profit for the period, equity on the equity and liabilities side of the statement of financial position increased significantly by 61.1% to EUR 14.1m (prior year: EUR 8.8m) and the equity ratio rose from 8.4% to 12.5%.

Non-current liabilities increased by EUR 8.8m from EUR 30.0m to EUR 38.8m and mainly relate to financial liabilities from the Green Bond (EUR 34.6m; prior year: EUR 29.9m) and a KfW loan (EUR 3.2m), of which a partial amount of EUR 5.0m was extended in the reporting year and which was allocated to current financial liabilities in the prior year in an amount of EUR 10.0m.

Current liabilities decreased from EUR 65.7m to EUR 59.3m (down EUR 6.4m). The decline is mainly attributable to a project-related decrease of EUR 10.1m in trade payables and other non-financial liabilities (EUR 27.0m; prior year: EUR 37.1m). It was offset by a slight increase in financial liabilities (EUR 26.0m; prior year: EUR 24.1m). As of 31 December 2022, most of these relate to loans from the Zahid Group (EUR 25m; prior year: zero), whereas as of the prior-year reporting date, they concerned a number of project-related financing arrangements, among others. At the same time, the significantly improved profit for the period led to a significant increase in income tax liabilities (EUR 3.1m; prior year: EUR 1.3m).

Overall, the working capital tied up, mostly in projects,[17] increased from EUR 19.9m to EUR 25.4m.

Net debt[18] stood at EUR 53.4m, substantially higher than in the prior year (EUR 34.1m). The net debt leverage ratio[19], on the other hand, improved just as significantly from 10.7 to 6.4.

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[17] Working capital: Inventories plus trade receivables minus trade payables
[18] Net debt: Financial liabilities and lease liabilities minus cash and cash equivalents
[19] Net debt leverage ratio: Net debt/EBITDA

2.7 Financial position, other financial obligations, cash flows, investments

In the reporting year, the GmbH Group generated a significantly positive operating cash flow of EUR 12.3m (prior year: EUR -13.1m). This was mainly due to the positive earnings before taxes (EUR 7.3m, prior year: EUR -3.3m), the reduction in trade receivables (EUR 8.0m; prior year: increase of EUR 30.0m) and other financial assets (EUR 12.0m; prior year: increase of EUR 3.4m). On the other hand, the decrease in trade payables of EUR 11.5m (prior year: increase of EUR 13.3m) and the increase in inventories of EUR 4.3m (prior year: EUR 480k) had a negative impact on liquidity.

The cash outflow from investing activities of EUR 27.8m (prior year: EUR 5.9m) primarily relates to the increased (and higher-than-planned) loans to the Holdings Group (EUR 26.9m, prior year: EUR 11.9m) and investments in property, plant and equipment and intangible assets (EUR 838k, prior year: EUR 206k).

This results in a free cash flow of EUR -15.5m, which, although it is slightly improved compared to the prior year (EUR -19.0m), is not satisfactory (mainly due to the lack of project sales by the Holding Group and the resulting additional financing requirements).

This is offset by inflows from financing activities of EUR 6.5m (prior year: EUR 20.4m), which represents the balance of inflows from borrowings in the amount of EUR 25.5m (prior year: EUR 13.6m) – mainly loans from the Zahid Group – and Green Bond placement proceeds (EUR 4.3m; prior year: EUR 13.2m) and outflows from the repayment of project-related loans (EUR -20.0m; prior year: EUR -3.3m) and interest payments (EUR -3.3m; prior year: EUR -2.8m).

On balance, free liquidity (cash and cash equivalents and available credit facilities with banks) decreased from EUR 20.6m to EUR 11.8m as of the reporting date.

As of the reporting date, the GmbH Group has entered into other financial obligations for the acquisition of inventories of EUR 72.7m (2021: EUR 52.6m).

2.8 Overall statement regarding the Company's economic development

In the reporting year, the GmbH Group recorded significant growth in a dynamic yet challenging market environment and was able to improve profitability at the same time. The annual targets of a significant increase in revenue (actual: up 42.1%), EBIT of EUR 6,636k (actual: EUR 7.9m), return on revenue of 2.8% (actual: 2.8%) and an increase in cash flow from operating activities (improvement of EUR 25.4m) were achieved, although comparability is limited as the prior year's forecast referred to accounting in accordance with the HGB.

In a hostile development market (Ukraine war, interest rate increases, volatile electricity prices, government intervention), the Holdings Group was only able to generate very limited – and far below-budget – cash inflows from project sales and winning co-investors. This increased the amount of financing required by Greencells GmbH. At the same time, the bearish market for SME bonds made it more difficult to raise additional proceeds from the Green Bond. These effects were offset by the provision of EUR 25m in loans by the Zahid Group and from the GmbH Group's cash and cash equivalents.

As a result, net debt and receivables from companies in the Holdings Group increased. It is an important goal for management to repay the receivables from the Holdings Group and the debts of the GmbH Group by generating inflows from development activities (Holdings Group) and repaying intercompany loans, thus significantly improving the balance sheet ratios.

2.9 Impact of resources not presented in the financial statements and the significance of non-financial factors

2.9.1 Our environmental footprint

As one of the leading providers of solar parks in Europe, Greencells operates entirely in a green industry and management believes that it is actively contributing to the energy transition. By the end of 2022, Greencells had installed 2.6 GW of utility-scale solar power plants worldwide, including 300 MW developed by Greencells Group Holdings. Of this, 238 MW were added in the course of fiscal year 2022 (72 MW in in-house development). Over an estimated minimum service life of 20 years, the plants built by Greencells will save almost 30 million tonnes of CO_2 compared to power generated by natural gas, according to its own calculations.

By issuing the secured Greencells Green Bond, Greencells has also been able to consistently expand its development business since the end of 2020. Overall, all projects financed with Green Bond funds by 31 December 2022 have a total capacity of around 2,715 MW and are thus expected to save around 2.58 million tonnes of CO_2 annually. This equals an additional saving of more than 51 million tonnes of CO_2 over the assumed minimum service life. Further information on the Greencells Green Bond, the use of the funds raised and the positive environmental balance can be found at greencells.com/ir-2 in the full allocation report for 2022.

According to its own assessment, Greencells is thus making a significant contribution to achieving the United Nations Sustainable Development Goals 7 “Affordable and Clean Energy” and 13 “Climate Action” (UN SDGs).

In preparation for its future more in-depth ESG reporting in line with the Corporate Sustainability Reporting Directive (CSRD), Greencells has made a rough internal estimate of its own scope 1, 2 and 3 CO_2 emissions for 2022. This preliminary estimate indicates own emissions totaling 134 thousand tonnes of CO_2. Over the same time, the Greencells-built solar parks currently connected the grid will save 1.5 million tonnes of CO_2e per year compared to power generated with natural gas, i.e., almost 11 times the emissions estimated to be generated by the Company. Compared to lignite-fired power generation, which is still prevalent in some countries, the balance is even better, at around 3.8 million tonnes of CO2e per year, i.e., almost 28 times more than the Company generated for 2022 as a whole according to this estimate.

2.9.2 Our wider responsibility

Greencells management would also like to consciously address sustainability issues in the broader context of the Company's activities and has assigned responsibilities for ESG topics and reporting to the Compliance and Investor Relations functions. To supplement existing processes and procedures, for example, standardized ESG reporting in accordance with the German Sustainability Code is currently being established.

Irrespective of this, however, Greencells committed itself early on to acting in an environmentally and socially responsible manner. With regard to its EPC and O&M activities, Greencells GmbH is ISO 14001 certified. This internationally recognized standard specifies criteria for an effective environmental management system and is used in over 170 countries worldwide. In addition, clear protocols for occupational health and safety, waste management and environmental protection are followed at Greencells construction sites.

Greencells has had a code of conduct for several years now, which defines standards of conduct within the Company and with external partners. Greencells also requires external partners to comply with the standards set out in the code of conduct. The code of conduct covers topics such as upholding labor standards, no child labor, equal treatment and non-discrimination, and anti-corruption. These and other core corporate policies are publicly available on the Company's website at greencells.com/compliance.

Supply chain

The construction of a solar power plant requires a relatively small number of main components such as solar modules, inverters and the substructure. A large proportion of the solar modules and inverters installed worldwide are produced in China. In the past, concerns have repeatedly been raised about working conditions at Chinese manufacturers. Greencells works with established suppliers in the solar industry and gives preference to ESG-oriented suppliers. Under the supplier frameworks that Greencells has concluded with its main suppliers, they undertake to comply with the Greencells code of conduct. The substructures installed by Greencells, are mainly built from European steel with a lower carbon footprint and a good ESG track record.

Circular economy

Solar modules have a long lifespan – the minimum life is 20 years, but this is a conservative estimate and Greencells management believes that they can realistically be used for 25 to 30 years. However, since solar modules are produced using critical metals and rare earths, their ability to be recycled is paramount. The solar modules installed by Greencells conform to European Directive 2012/19/EU on waste electrical and electronic equipment (WEEE Directive). Many are also certified for the PV Cycle system in a number of countries.

According to the latest estimates, the energy payback time for solar panels, i.e., the time required for them to produce the amount of energy equivalent to that used from non-renewable primary energy sources to produce them, is just over a year, depending on the technology used.[20]

HR

As an engineering company, the GmbH Group has an employee-specific age structure, which, including the Greencells CEE several hundred-strong installation team, is male-dominated and has a comparatively low average age.

At Greencells GmbH, which mainly carries out administrative activities, the proportion of female employees as of 31 December 2022 stands at 32%, of which 20% are managers. Management is all-male. Excluding management, the gross hourly wage of female employees is 11% lower than that of male colleagues. But looking at managers alone, it is, in fact, 5% higher.

Greencells invests in the education and training of its employees. Greencells CEE's engineering teams are trained at the Company's in-house training center in Cluj, Romania. Training for administrative staff is provided in the form of leadership courses and the allocation of a training budget for each team. In 2022, Greencells GmbH spent EUR 50k on further training.

Greencells respects the right to form a works council. At present, there is none. Should a works council being formed at Greencells GmbH, Greencells will facilitate its activities.

[20] International Energy Agency, 2021, p. 4

Exhibit 2

Development activities of the sister company

The development activities of the Holdings Group entail more complex responsibilities as they take place in the pre-construction project phases.

In this context, the sister company undertakes, among other things, not to plan projects in protected areas, to minimize or compensate for adverse impacts on biodiversity and ecosystems as much as possible, to actively introduce elements of biodiversity into its projects and to undertake regeneration activities in areas that have been damaged by previous overuse or extreme weather. In addition, possibilities for the dual use of photovoltaics and agriculture (agrivoltaics) are being actively explored. Construction logistics are planned so as to minimize the impact on the environment and communities. In addition, Greencells strives to visually embed its PV farms in the surrounding landscape as much as possible. This can be done, for example, by planting hedges or other natural forms of visual cover.

The development activities also bring the dimension of the exchange with municipalities and residents to obtain permits and boost acceptance of solar parks in the planning phase, to the activities of the wider enterprise. This exchange is carried out by the sister company with its project managers who are supported by the in-house Communications department.

In addition, Greencells offers concepts of citizen participation in the development projects it operates to the extent permitted locally and nationally – as was the case with the Saarland citizens’ solar park Hartungshof and with a solar park already connected to the grid in St. Charles, France.

The creation of local jobs is also promoted as far as the project specifics allow.

3. Report on anticipated development and significant opportunities and risks

3.1 Risk management and risk strategy

3.1.1 Principles of risk management

Greencells GmbH's management must take appropriate action, in particular to implement a monitoring system to identify at an early stage developments posing a risk to the Group's ability to continue as a going concern. It ensures appropriate risk management and risk control in the Company, assures compliance with legal provisions and internal policies, and works to ensure that they are adhered to by the group companies.

In the course of its business activities, Greencells is inevitably exposed to risks associated with entrepreneurial activity and the targeted exploitation of opportunities. For the Group, risk management therefore means not only unilaterally reducing risks, but also taking a conscious approach to dealing with opportunities.

The process steps of risk management are (1) identifying and (2) assessing risks, (3) taking action to manage risks, (4) monitoring their effectiveness and (5) documentation and reporting. To date, the Greencells Group has taken a decentralized approach in which risks are monitored by various departments of the Finance function and central risk management activities (especially insurance) are implemented by the financial operations team, in each case according to management's specifications. This structure is currently being centralized, for which a separate risk management unit is being created in the Controlling function.

3.1.2 Risk strategy

Management's top priority when determining the strategy, managing the Company and during day-to-day operations is to take only appropriate, manageable and controllable risks. Risks that could jeopardize the continued existence of Greencells, i.e., risks which could threaten its ability to continue as a going concern, must be excluded as far as possible.

An important objective of risk management is to protect the Group and to sustainably and consciously enhance both the risk coverage potential (capital and liquidity) and the value of the Company. Attention is paid both to external risks that impact Greencells as well as to risks that arise internally.

3.1.3 Assessment of risks

Risks are rated on a relevance scale according to which individual risks are assessed according to the probability of occurrence, potential impact and the effectiveness of safeguards.

Level	Features
1	**Minor risks** that could have a barely noticeable impact on EBIT and/or cash flow
2	**Medium risks** that could have a noticeable impact on EBIT and/or cash flow
3	**Significant risks** that could have a significant impact on EBIT and/or cash flow and/or have a long-term impact
4	**Serious risks** that could have a very major impact on EBIT and/or cash flow and/or have a significant long-term impact
5	**Critical risks** that could pose a threat to the continued existence of the Group

3.2 Risks and summary of the risk situation

3.2.1 Risks in the context of project business

3.2.1.1 New business and competition risks

The GmbH Group operates in the project business. Thus, its future business development depends on the ability to acquire and successfully implement new projects on profitable terms. Greencells competes in the international arena, where competition may intensify further in the future. If it is unable to acquire new projects with sufficiently attractive project conditions to the planned extent, there is a risk of a decline in growth or revenue which cannot be fully offset by cutting costs.

Greencells is an integrated provider that covers the entire value chain, including development. The GmbH Group has a long and successful business history. As one of Europe’s leading providers it has a critical mass and is established in the market with customers and suppliers. If the market grows as predicted, the number of available projects will rise further going forward. This assessment is corroborated by the current project pipeline, the Holdings Group’s own development pipeline and a large number of third-party project inquiries.

This risk is therefore rated as minor (level 1) in the current market environment.

3.2.1.2 Large-scale project risks

The size of the EPC projects implemented by the GmbH Group varies considerably, with some projects having a total volume in the upper double-digit to lower three-digit million euro range. The performance of these major projects can therefore have a significant impact on the overall result (revenue, EBIT, cash flow) and the achievement of the Company's targets in individual fiscal years. At the same time, these projects can tie up a significant amount of funds and resources (especially liquidity and hedging instruments).

Based on its many years of experience in the EPC business and having a number of successfully implemented large-scale projects to its name, Greencells considers the risk to be easily manageable. At the same time, the aim is not to achieve further growth in the Company by increasing the volume of individual projects, but by raising the number of projects and broadening geographical spread. This will reduce the reliance on specific large-scale projects. In the reporting year, there was also a much greater focus on resource commitment when evaluating potential new projects. Agreements with customers were structured accordingly. This reduces the risks associated with each large-scale project.

Given the current project structure, this risk is rated at level 3 (significant), but going forward will reduce to level 2 (medium).

3.2.1.3 Calculation and planning risks

Each project is planned and offered on the basis of project-specific parameters. These are subject to assumptions and estimates that may prove to be inaccurate. At the same time, changes or unplanned circumstances may arise between the time of the offer, the conclusion of the contract and the start of construction or in the further course of the project, which may have an impact on the project schedule, revenue, costs and cash flow. As a knock-on effect, delays in the completion of projects or delayed grid connections, insofar as Greencells is responsible, can result in contractual penalties.

Greencells GmbH prepares detailed cash flow plans for the planning and management of the projects, which map all incoming and outgoing payments over the entire duration of the project on a monthly and sometimes weekly basis. The plans are continuously updated so that deviations become transparent in a timely manner and possible responses can be prepared and implemented.

In the reporting year, a number of projects were delayed and construction times were extended, which, together with higher purchase prices, had a negative impact on financial performance and were due in particular to geopolitical, macroeconomic and company-specific factors. Shifts in the schedules of individual projects resulted in costs incurred for idle times of the installation team of the Romanian group company in certain phases, and additional costs for overtime, weekend work and temporary workers in other phases.

As the market continues to return to normal, we believe that this risk will be exogenously reduced in the future. Thanks to its many years of experience in the development (Holdings Group) and construction (GmbH Group) of solar power plants in various market phases, Greencells also has, in management's opinion, extensive and regionally specific experience, which it incorporates into the planning. At the same time, management has arranged escalation clauses in some new contracts, which are designed to shift the purchase price risk (and the associated opportunities) to the customer. According to management, the Company's planned further growth and the increase in the number of projects should also reduce the relative influence of individual projects on the Company's performance if they are postponed, because it will be easier to balance the allocation of resources between projects.

Nevertheless, the risk is currently still rated at level 3 (significant).

3.2.1.4 Legal risks

The basis of each EPC project is a dedicated comprehensive project contract, usually in English, which is negotiated individually with the customer. The complexity of the projects, the large number of matters to be regulated and the resulting commercial parameters require immense legal and economic expertise during contract negotiations to rule out any unwanted risks.

Greencells has its own internationally experienced legal team and also consults specialized external legal advisors where necessary. In addition, the starting point for contract negotiations is usually Greencells GmbH's standardized contract templates. In the reporting year, a contract approval process was also initiated, which allows a contract only to be signed after it has been reviewed, comments have been considered and approved by all relevant departments and management.

The risk is rated at level 2 (medium).

3.2.2 Risks of specific value creation

3.2.2.1 Insurance and trade finance risks

A central element of EPC projects is the integration of project-specific insurance and financing solutions. These include, for example, guarantees to secure the implementation of the project, prepayments from the customer, the grid connection or warranty obligations. Furthermore, foreign trade financing instruments (e.g., letters of credit) are often used for the procurement of components. The ability to deliver appropriate solutions is an important factor in winning EPC projects.

Greencells has been working with a large number of banks and insurance companies, often for many years. Depending on the type and term structure, the existing facilities were extensively or almost completely utilized in 2022. Depending on the general business policy requirements of the respective banks and on Greencells' credit rating and other factors, management sees a risk that facilities need to fund further growth might not be sufficiently increased or even terminated or not extended; this could, depending on the extent of the restrictions, place significant constraints of business operations and volume.

Starting in the fourth quarter of the reporting year, management significantly increased the transparency and scope of reporting for the financing partners and, among other things, held a Finance Day for the first time in February 2023. At the same time, various measures were introduced to improve profitability, liquidity and thus also creditworthiness. Nevertheless, the facility granted by one banking partner expired in the reporting year. Stricter reporting and auditing requirements have been agreed with other financing partners as a prerequisite for utilizing the facilities, while other financing partners have been acquired or have expanded their facilities (in some cases after the end of the reporting year).

In rare cases, first-demand guarantees may be sufficient in connection with EPC projects. There is a risk that the beneficiary could unjustly exercise such unconditional guarantees. In these cases, the guarantor would be obliged to pay and would then have recourse to Greencells for the corresponding amount. This could result in unplanned cash outflows that could only be recouped by taking legal action against the unjustly enriched beneficiary.

As the business model is highly dependent on the availability of the facilities and the high degree of utilization, management currently rates this risk as critical (level 5).

3.2.2.2 Risks arising from cross-border activities and tax risks

Greencells operates internationally across borders. Often, different group companies from different countries work together on EPC projects in the target country, in particular Greencells GmbH and Greencells CEE Srl. Some group companies also maintain branches in other European countries. Project-specific local companies may also be founded.

With this structure, specific local circumstances have to be taken into account in the respective countries, for example in contract and labor law, accounting, tax or social security. Additional degrees of complexity arise in the case of cross-border deliveries of goods and services, for example with regard to VAT. Furthermore, when group companies exchange goods and services, transfer pricing rules must be complied with, documented and the relevant tax calculations must be carried out correctly.

Greencells has its own experts in the Tax & Companies House function and the legal team who are involved in all projects and corporate transactions before a contract is signed. In addition, the regional focus going forward will be on Europe, i.e., on countries in which Greencells already has extensive experience. In the reporting year, the diverse pool of country-specific local advisors was reduced and replaced by an international tax consulting firm that advises Greencells from a single source and can thus provide cross-border and integrated advice with knowledge of the entire business model.

Management therefore currently rates this risk as significant (level 3).

3.2.2.3 Subcontractor risks

As a general contractor, Greencells GmbH is reliant on subcontractors for a range of services for the execution of EPC projects. As a rule, the Company relies on longstanding partners with specialist know-how and regional market knowledge. In addition, the respective trades and their execution are monitored and coordinated on site by experienced project managers. Nevertheless, dependencies are inevitable given the fact that each individual trade can significantly influence the schedule and profitability of a project. In addition, Greencells GmbH is liable to the customer for any defects and errors.

We currently rate this risk as medium (level 2).

3.2.3 General business risks

3.2.3.1 Procurement risks

An essential component of value creation in the classic EPC business is procurement, i.e., the sourcing of project-specific components for the construction of a solar power plant. This includes, in particular, the solar modules and inverters, which the Company usually sources from suppliers in China.

We see a risk that suppliers will not be able to provide the required components, e.g., due to a lack of production capacity, intermediate products or, due to demand, will not be able to provide them on time or only at inflated prices. In addition, there are only a limited number of suppliers on the world market for the components installed by Greencells, creating unavoidable dependencies on individual suppliers.

In recent years, there have also been considerable disruptions in international transport logistics, which could only partly be compensated for at additional financial cost. At the same time, when signing contracts, global material availability had to be checked even more carefully than before.

Furthermore, in our view, there is an elevated political country risk with regard to the supply of core components from China.

Greencells has longstanding, resilient relationships with key suppliers, enabling a largely stable supply even during the coronavirus and Ukraine crises. In addition, the procurement team was restructured and reinforced in 2022. Nevertheless, there are still market-wide shortages and longer delivery times, e.g., for inverters. The Company therefore orders more components in advance and, if necessary, at an early phase and secures additional quantities of components on a case-by-case basis. However, due to project-specific procurement and high volumes, warehousing is only possible to a limited extent and for a short period of time.

In addition, there is currently a legal dispute with a supplier regarding the transfer of risk and costs for deliveries abroad during the coronavirus lockdown. Greencells and its legal advisors are confident that they will prevail in the proceedings. Nevertheless, provision was made in the annual financial statements for the litigation costs.

We rate the procurement risk at level 3 (significant) overall.

3.2.3.2 Personnel-related risks

An increasing challenge for businesses is the availability of skilled staff and managers. Like other sectors of the economy, the solar industry is also affected by the general shortage of skilled labor. Further market growth and the associated increase in personnel requirements on the one hand and demographic change on the other hand will permanently increase this risk for the foreseeable future. Even today, Greencells does not always succeed in filling vacancies in time.

In our opinion, the Company has adapted to the related challenges by offering employee-friendly, flexible working conditions (working hours, places of work), a range of fringe benefits and a modern working environment. The expansion of the Company's own installation team in Romania is intended to bolster the construction segment of the EPC business and thus enable further growth. In this context, cooperations or the establishment of a joint venture with other market participants are also being considered so that a significantly enlarged team can be securely and sustainably used to capacity. Regardless of this, growing staff shortages and disproportionately high personnel expenses are anticipated throughout the market.

In addition, in certain functions there are increased dependencies on key persons. In the event of an unexpected absence or exit of one or more of these persons, this would likely have a temporary yet significant impact on the Company.

In light of this, personnel risk is rate as significant (level 3).

3.2.3.3 Risks of non-payment

The GmbH Group bears the risk that customers fail to make agreed payments or make such payments late. However, due to the milestone structure of the projects, this risk does not exist for the entire project volume, but is limited to the individual milestone payments. According to management, the risk increases structurally towards the end of the project, since the last milestone payments are usually only due after completion of a project and the consequences of non-payment or late payment are lower for the customer.

Management counters this risk by requesting advance financing of the individual milestones from the customer – wherever possible – and by maintaining a positive cumulative cash flow for the entire duration of the project. In some cases, security is also provided by means of payment guarantees and assignments.

In the past, the risk in EPC transactions only occurred in the form of late or reduced final payments. On the other hand, there were no significant bad debts. We therefore rate this risk as medium (level 2). With regard to the possible default from a project sale in Malaysia, reference is made to section 3.2.5.2.

3.2.3.4 Quality and warranty risks

In the EPC business, the GmbH Group is exposed to warranty risks as a general contractor. Management already considers these by carefully selecting suppliers. As a rule, the Company maintains longstanding business relationships with trustworthy personal contacts. This always involves observing the local markets with their specific requirements. The procurement process based on ISO 9001 enhances quality assurance in the selection of key components.

If customers assert warranty claims, the Company can pass on the majority of claims relating to components to the manufacturers. In addition, the Company safeguards itself against further risks by taking out various insurance policies, e.g., installation insurance. Contractually agreed sign-off procedures are carried out as early as the construction phase and, in particular, during the handover to customers. These are generally accompanied by external specialists. According to management, this creates a high degree of reliability with regard to the quality of the work.

We rate this risk as medium (level 2).

3.2.3.5 IT and cyber security risks

Greencells, like any larger company, depends on an intact and stable IT infrastructure, secure data storage and connections as well as high-performance processes. This is subject to risks with regard to failures, impaired performance or malfunctions or external influences. In this context, the threat of cyber attacks, computer viruses, malware and fraud attempts (e.g., through phishing emails) rose significantly worldwide in the reporting year.

Greencells has a large in-house IT team that continuously improves and expands the Company's safeguards. Information security consists of building blocks for safeguards, technical, logical and physical security. The IT security strategy is defined by an information security officer (ISB), who reports directly to management. People from different departments are responsible for implementing the IT security strategy, monitoring compliance, implementing the requirements, etc. These persons are appointed by the ISB.

In addition, there are ongoing efforts to raise employee awareness in the form of training and alerts. In the reporting year, a cyber security analysis and a cyber security assessment were also carried out with experienced consulting firms in order to survey the status quo and draw up a roadmap for further improvement measures, a large number of which were already implemented or initiated in 2022. The aim here is to obtain ISO 27001 certification.

Due to the general threat situation, we rate the risk as level 3 (significant risk).

3.2.4 Financial risks

3.2.4.1 Risks arising from the financing of the Holdings Group

Greencells GmbH assumes a financing function within the overall group for the development projects and the operating costs of the Holdings Group. The funds required for this were and are mainly raised through the issuance of debt securities under the Green Bond. The debtor is Greencells GmbH, which passes on the cash inflows as loans to companies of the Holdings Group, taking into account the usage requirements specified for the bond. In addition, the GmbH Group provided additional financing services for the sister group, including for operating costs, in the form of loans from the Zahid Group and own funds. As of 31 December 2022, the GmbH Group's receivables from companies in the Holdings Group totaled EUR 80.1m (prior year: EUR 40.9m). Of this amount, EUR 29.4m (prior year: EUR 22.5m) is attributable to trade.

In order to service the debt from the bond (bullet maturity on 9 December 2025), Greencells GmbH is dependent on cash inflows from the Holdings Group. These, in turn, depend on the successful sale of development projects. The value of such projects depends on a large number of external factors that are beyond Greencells' control (electricity prices, government market interventions, grid availability, inflation, interest rates, etc.).

In the second half of 2022, after a lengthy investment phase, the Holdings Group began to concentrate on selling projects and attracting co-investors. Nevertheless, only a few sales were closed in 2022 in a difficult market environment. However, the current valuation of the development portfolio shows considerable valuation reserves. According to management's estimates, they can be expected to generate significant cash inflows in the future, as early as 2023.

In addition, Greencells GmbH has provided financial guarantees to companies of the Holdings Group. The maximum risk from potential claims as of 31 December 2022 is EUR 96m (31 December 2021: EUR 45m; 1 January 2021: EUR 23m). The weighted remaining term of the financial guarantees existing as of 31 December 2022 is 1.5 years. Management considers the risk of a claim to be low.

In view of the amount of the receivables and their share of total assets, the overall risk is rated at level 4 (serious risk).

3.2.4.2 Foreign currency and exchange rate risks

The business activities of the GmbH Group are subject to exchange rate risks. On the customer side, projects outside the euro area (when contracts are concluded in foreign currency) may lead to payments being received in foreign currencies. On the procurement side, foreign currency payments, especially in US dollars, are customary for certain countries and products. Also, "local costs" in the respective project countries are often paid in local currency. In addition, surpluses of incoming or outgoing payments are incurred by group companies abroad, which may also result in currency effects in the statement of financial position.

Greencells strives to reduce currency risks as much as possible through natural hedges, i.e., by matching incoming and outgoing payments for a certain project in a single currency. Any significant expected foreign currency surpluses are also hedged by the Treasury team on the basis of payment plans by entering into forward exchange contracts. Nevertheless, deviations from the original payment plan may result in unhedged foreign currency positions.

In view of this, management rates this risk as medium (level 2).

3.2.4.3 Interest rate risks

The main external sources of financing for the GmbH Group are the Green Bond and loans from the Zahid Group. As the interest rate is fixed over the entire term until the end of 2025, the interest rate risk for the amount of the Green Bond already placed is limited to any refinancing at maturity. For the bonds still to be placed (up to a nominal amount of EUR 13,740,000 as of the reporting date), there is an interest rate risk in that the market value and thus the achievable placement price will be reduced if interest rates rise, resulting in a lower cash inflow for the same nominal amount placed.

The interest rates on the Zahid Group's loans, on the other hand, are fixed. Furthermore, funds to the sister group are transferred on a cost-plus basis, i.e., at the refinancing costs plus a margin, which eliminates any interest rate risk for the GmbH Group.

We currently rate interest rate risk as medium (level 2).

3.2.4.4 Liquidity risks

As a rule, the EPC projects of the GmbH Group have a project volume in the single to double-digit million range, in particular due to procurement of the components to be installed, essentially the solar modules. The payment obligations to the suppliers are matched by milestone payments by the customers. Ideally, these are arranged in such a way that – also taking into account payment periods and trade finance solutions such as letters of credit – the cumulative incoming payments at any time in the project exceed the cumulative outgoing payments, so that the project is consistently cash flow positive. However, depending on the success of the negotiations and the overall assessment of the economic parameters of a project, the project planning may also require often significant bridge financing to be provided by Greencells in certain phases. Liquidity can also be unexpectedly tied up if, for example, the customer delays payment, which may also be caused by exogenous factors, such delays in obtaining official approvals.

The GmbH Group is currently implementing individual projects that have an increased need for interim financing. At the same time, the liquidity situation offers little headroom as a result of the delay in the sale of Holdings Group projects and the associated delayed repayments of loans granted. This circumstance was factored into the loans and credit facilities from the Zahid Group granted in order to maintain solvency. In order to create additional reserves later in the year, Greencells GmbH has arranged external finance in the form of a project-related facility.

In the course of 2023, management aims to significantly improve the liquidity situation by repaying intercompany loans from project sales by the Holdings Group and billing larger EPC projects, thereby building up a permanent liquidity buffer by the end of 2023 that is adequate for the size of the Company and can accommodate further growth. With the exception of the transfer of Green Bond funds, the GmbH Group does not provide any further financing for development projects undertaken by the Holdings Group. In the EPC business, Greencells currently only takes on new projects in a structured approval process that are planned to be consistently cash flow-positive or are scheduled to only tie up a low volume of working capital at times.

Ongoing projects are monitored and controlled with detailed cash flow planning at project level, which in turn feeds into a rolling cash flow plan for the GmbH Group on a weekly and monthly basis, which is updated daily. In this way, liquidity can be managed precisely.

Until the liquidity buffer has been built up, management rates the liquidity risk as serious (level 4) in light of the existing financing needs and the uncertainties inherent in the business.

3.2.5 Other risks

3.2.5.1 Risks due to quality issues with racks in the US

In December 2022, a near-completed EPC project in upstate New York was damaged in the winter storm Elliott. Various tables (racks with mounted modules) collapsed under the snow load and strong winds. The subsequent analysis, carried out by both experienced in-house and independent experts, revealed that the rack supplier had made engineering errors that required structural improvements. Based on the facts and the discussions and consultations that have already taken place with the supplier and the customer, management assumes that it will not incur any substantial financial losses not covered by the provisions recognized for litigation costs. Nevertheless, unexpected negative effects on earnings and cash flow cannot be completely ruled out.

We currently rate this risk as medium (level 2).

3.2.5.2 Risk relating to a receivable from the sale of a project in Malaysia

Arising from the sale of a solar park built in Malaysia in 2021, the GmbH Group has a claim against the buyer in an amount of MYR 10.9m (around EUR 2.2m). This claim is disputed by the buyer, who has asserted a counterclaim of around EUR 12m. At the same time, an agent involved in the purchase is claiming outstanding sales commission of around USD 1m. The entire process is currently subject to arbitration. Greencells management and its legal advisors are confident that they will prevail in the proceedings. Nevertheless, provision was made in the consolidated financial statements for litigation costs and a possible loss of part of the receivable.

In light of this, management currently rates the overall risk from this case as medium (level 2).

3.2.6 Summary of the risk situation

Despite a positive industry environment on the demand side, the overall geopolitical situation and volatile parameters (including electricity prices, interest rates and exchange rates) are responsible for what management considers to be a challenging risk environment. This has already had a negative impact on Greencells in 2022 due to delayed project sales by the Holdings Group, which restricted cash inflows to the GmbH Group, and worsened the risk situation. On the liquidity side, this was compensated by loans from the Zahid Group. Nevertheless, from management's point of view, the successful implementation of the measures introduced to sustainably improve liquidity and securing and expanding the banking and insurance facilities for EPC project-related guarantees and trade finance will be crucial for achieving the forecast and normalizing the risk situation in the further course of the fiscal year.

3.3 Opportunities

Greencells operates in a growth market that plays a key role in limiting global warming. Around the world, sustainability-driven government programs, such as the European Green Deal, are aimed at achieving the transition to renewables. Renewable energy sources are economically competitive today. Solar power is now the cheapest source of energy.[21] Digitalization, Industry 4.0 and the growing need for green hydrogen will increase demand in the long term.

This harbors considerable growth opportunities for Greencells in both subgroups. A boost in public funding for solar power projects would generate additional growth and profitability opportunities for Greencells.

Another trend is the better integration of energy generation, storage, transport and consumption, facilitated by advancing digitalization. The increasing complexity created by the need for grid integration, demand management, storage, hybrid solutions, agrivoltaics, floating photovoltaics or carport solutions makes Greencells a preferred partner for local developers and investors, as the Company has a wealth of experience, extensive technological expertise and a long track record in the construction of PV farms. In our opinion, this will result in additional opportunities for growth and wider margins.

[21] Bloomberg Finance, 2022, internet

The emerging Eastern and Southeastern European renewable energy markets (Romania, Serbia, Montenegro, Bosnia, Albania) offer an opportunity for greenfield development with local partners. Greencells has already successfully implemented projects in Eastern Europe and has local operations in Hungary and Romania. These are planned to translate into attractive additional potential on the market side.

Rising component and logistics prices have put pressure on the photovoltaic industry since the COVID-19 pandemic. Thanks to its broad supplier base, Greencells is able to negotiate the cost of components with suppliers and believes that it has a competitive advantage over its rivals. Purchase prices and logistics costs have gradually returned to normal in recent months. If they decrease further, this would open up potential for additional margins in procurement.

Politicians are promoting a drive to bring back module production to Europe in order to reduce dependencies on Chinese manufacturers. European suppliers with state-of-the-art production facilities and competitive prices would have a positive impact on Greencells in terms of availability and prices of modules as well as logistics and procurement costs.

Reaping the rewards of the measures taken to increase financial stability, the creditworthiness of Greencells GmbH can improve significantly. In our assessment of the overall situation, this would provide additional scope for growth and attract better financing conditions.

3.4 Outlook

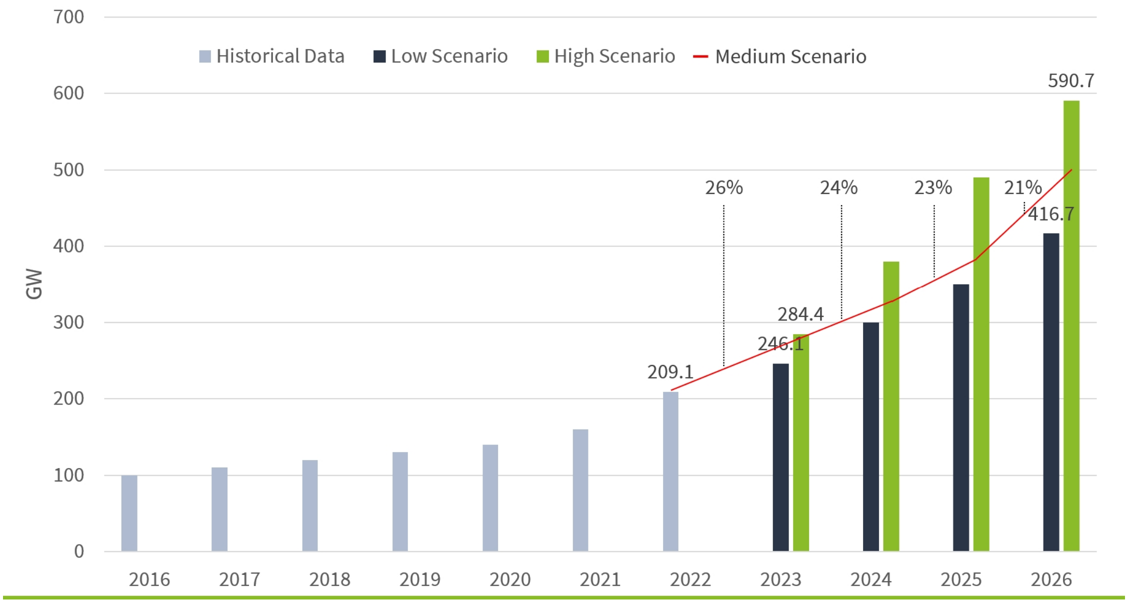
3.4.1 Future macroeconomic conditions for the photovoltaic industry

Clean electricity and electrification are central to the concerted global efforts to transition to a net zero economy. According to calculations by the IEA, even in the conservative scenario demand for electricity will be 75% higher by mid-century.[22] The main drivers here are electric mobility, space heating and cooling, industrial production and the increased use of low-emissions hydrogen.[23] In the future, this increase in demand will need to be covered as far as possible by renewable energy sources.

[22] International Energy Agency, 2022, p. 44
[23] International Energy Agency, 2022, p. 136

Exhibit 2

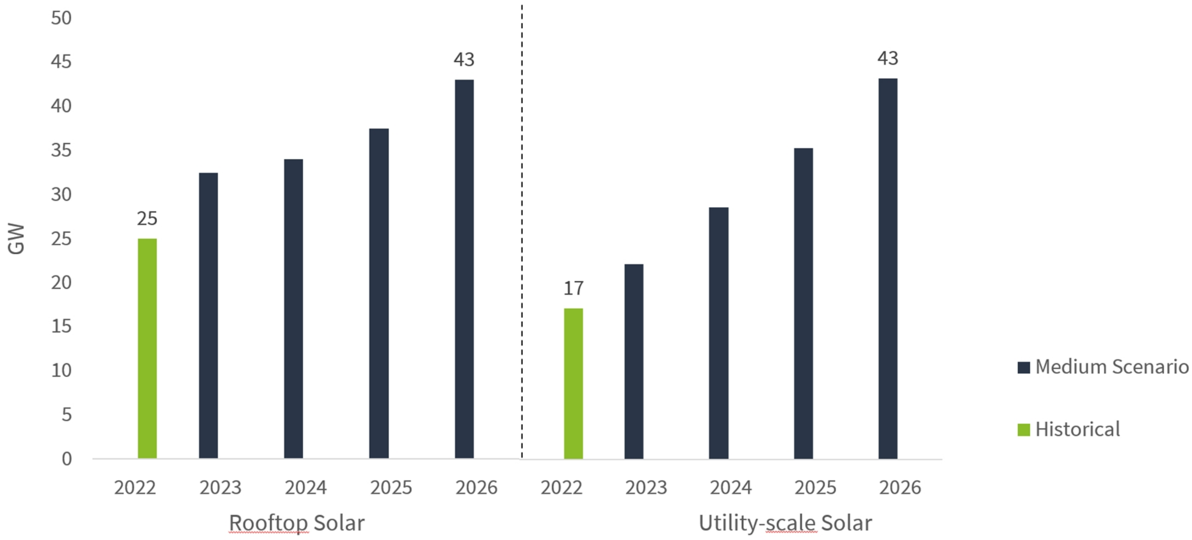
Consequently, in the medium term, the global installed capacity of solar power is expected to double to up to 2.3 terawatts by 2026. For Europe, the industry association SolarPower Europe expects installed capacity in Europe to triple to over 590 GW in 2026 in its maximum scenario.



Source: SolarPower Europe, 2022b, p. 24

In particular, the segment of utility-scale solar power plants, which is relevant for Greencells GmbH, will be highly dynamic going forward. By 2026, utility-scale ground-mounted systems installed in Europe are expected to have topped the annual growth rates of rooftop systems that have been on the market for much longer.

Exhibit 2



Source: SolarPower Europe, 2022b, p. 29

Challenges such as the capping of electricity prices, a shortage of skilled workers or the competitive effects of the US Inflation Reduction Act will have to be overcome by the European solar industry in the future.

Initial forecasts for volumes of solar PPAs in 2023 point to uninterrupted growth despite tightened regulatory frameworks, but political decision-makers must nevertheless act prudently and protect the momentum of the urgently needed expansion of renewable forms of energy.[24]

The issue of the shortage of skilled workers is also on the political agenda. However, supporting programs are more likely to be effective in the medium term. Management will therefore continue to actively pursue its approach of expanding and training its in-house design team.

The protectionist aspects of the Inflation Reduction Act raised questions around the original clear preferential treatment of American manufacturers. However, a top-level meeting between US President Biden and European Commission President Ursula von der Leyen in March 2023 cleared the air. In a joint statement, they announced that there would be more cooperation in the field of renewables. This includes, but is not limited to, partnerships to diversify the supply chains of critical minerals and storage solutions. In

[24] Andreas Franke, 2023, internet

addition, the Clean Energy Incentives Dialogue will coordinate incentive programs so that they reinforce each other.

Overall, the factors shaping the environment for Greencells' business activities are expected to remain very favorable. Solar power has a central role to play in tackling the major current and future challenges in the energy sector – and this is being acknowledged by both the political and economic spheres. According to the consulting firm PWC, investments made according to ESG criteria could grow to a volume of up to almost EUR 31 tn euros in 2026 and would thus account for over a fifth of globally managed assets.

With the existing political and economic willingness to act to drive forward the expansion of solar power and the unprecedented inflow of capital, we believe that the way is paved for a quantum leap in the industry.

3.4.2 Overall statement regarding the future development of the Greencells GmbH Group

The Greencells Group is operating in a fast-growing but challenging market environment. In recent years, the Company has repeatedly been confronted with special challenges, including changes in the regulatory environment (e.g., discontinuation/reduction of government subsidies), the coronavirus crisis with significant disruptions on the procurement markets and the war in Ukraine. Management has always succeeded in reacting swiftly and successfully by taking appropriate action and realigning the Company with the changed conditions. At the same time, the sister group, the Holdings Group, successfully built up an extensive portfolio of development projects in a short period of time.

The success is reflected in dynamic growth to a revenue volume of EUR 159m in fiscal year 2022, coupled with a significant increase in profitability. Management sees this as confirmation that the Company is on the right track. At the same time, growth on this scale places great demands on the organization and the stakeholders. In the EPC business, financial headroom will need to keep pace with growth, especially in the dimensions of liquidity, trade finance and project-related insurance solutions. According to the Company's own assessment, this was only partially successful in the reporting year. By initiating measures to improve liquidity and creditworthiness as well as a large number of structural and process-related changes, management has laid the foundations for successful further development on the forecast scale.

In this respect, we expect fiscal year 2023 to be another transitional year. The results of the action taken and the risk reduction and an improvement in the corresponding key figures will only become apparent at the end of the year. This makes it all the more important to sustainably improve the exchange of information and transparency with our stakeholders, especially our banking and insurance partners.

According to management, the market environment, which suffered in years of the coronavirus pandemic and the Ukraine war, has now stabilized significantly and offers a robust framework for significant growth in the core EPC business in Europe. Management therefore plans to grow consolidated revenue to over EUR 200m. Projects with a volume of some EUR 187m are already under construction or have been contracted. In total, revenue is spread over 20 different projects, with two projects in Hungary accounting for around 55% of the total revenue. Furthermore, there are a large number of additional project opportunities that can be evaluated in a structured process and accepted as and when capacity is available.

As a result of the revenue growth and the lack of non-recurring charges, we expect a significant increase in earnings before interest and taxes (EBIT) in the range of EUR 10m to EUR 12m and a return on revenue after taxes of 2% to 3%.

The planned project divestments in the Holdings Group will allow a substantial amount of liabilities to the GmbH Group to be repaid. This is anticipated to lead to a significant improvement in the net liquidity of the GmbH Group and the balance sheet ratios.

In the following year 2024, the measures described above are also expected to result in a further significant increase in revenue compared to the prior year and an improvement in margins and thus disproportionately high earnings growth (EBIT) with a significant improvement in the liquidity situation and solid balance sheet ratios.

4. Subsequent events

In spring 2023, the Holdings Group noted a keen interest among potential buyers in the acquisition of the development portfolio and the development platform (especially the team and systems). In May 2023, the management bodies of the GmbH Group and the Holdings Group therefore decided to carry out a detailed evaluation of the entire Group's strategy, taking the market conditions and in-depth discussions with shareholders and business and financing partners into account. In view of the sustainable growth potential in the European EPC market, the stabilized procurement conditions and the "political tailwind" for the rapid expansion of capacities in the field of renewables to accelerate the energy transition as well as the unique selling propositions of the GmbH Group in this market, it was decided to take advantage of the market environment to focus the overall group strategy solely on the EPC business and to sell the entire development business of the Holding Group (portfolio and platform) in a structured process.

The proceeds from the sale will be used to repay the Holdings Group's liabilities to the GmbH Group. The GmbH Group would use the funds for the early repayment of the Green Bond (alternatively, the buyer could assume liability by way of a change of debtor, assuming that the bondholders adopt the necessary resolutions), to repay loans from the Zahid Group and to strengthen the liquidity base. In this way, the profitable growth of the GmbH Group would be combined with a leaner balance sheet and a reduced risk profile.

It is planned to arrange with the buyer for the projects to be sold an obligation to obtain a bid for EPC contracts, under which the GmbH Group will be granted the right to submit an EPC bid.

In the EPC business of the GmbH Group itself, the aim is to achieve greater diversification of business types, with a shift away from the capital-intensive "full EPC" business toward "EPC light," "general contracting" and "construction only." This is intended to reduce project volumes, procurement risks, financing and guarantee requirements.

Exhibit 2

In addition, all shares in Greencells Regio GmbH were sold in May 2023 as their activities are no longer central to the GmbH Group’s business model.

Saarbrücken, 27 June 2023

Greencells GmbH

Andreas Hoffmann	Götz Gollan
General Manager	General Manager

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Engagement Terms, Liability and Conditions of Use

We, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, conducted our audit of this financial reporting on behalf of the Company. Besides satisfying the legal disclosure requirement (Sec. 325 HGB ["Handelsgesetzbuch": German Commercial Code]) for statutory audits, the auditor's report is addressed exclusively to the Company and was issued for internal purposes only. It is not intended for any other purpose or to serve as a decision-making basis for third parties. The result of voluntary audits summarized in the auditor's report is thus not intended to serve as a decision-making basis for third parties and must not be used for purposes other than those intended.

Our work is based on our engagement agreement for the audit of this financial reporting and the "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]" as issued by the Institute of Public Auditors in Germany ["Institut der Wirtschaftsprüfer": IDW] on 1 January 2017.

To clarify, we point out that we assume no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we will not update the auditor's report to reflect events or circumstances arising after it was issued, unless required to do so by law.

It is the sole responsibility of anyone taking note of the summarized result of our work contained in this auditor's report to decide whether and in what way this information is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

[Translator's notes are in square brackets]

General Engagement Terms
for
Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften
[German Public Auditors and Public Audit Firms]
as of January 1, 2017

1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (*Wirtschaftsprüfer*) or German Public Audit Firms (*Wirtschaftsprüfungsgesellschaften*) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (*Grundsätze ordnungsmäßiger Berufsausübung*). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (*betriebswirtschaftliche Prüfungen*), the consideration of foreign law requires an express written agreement.

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. Statements and information of the German Public Auditor outside of the engagement are always non-binding.

6. Distribution of a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's written consent, unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

7. Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for the rectification of deficiencies in writing (*Textform*) [*Translators Note: The German term "Textform" means in written form, but without requiring a signature*] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: *Handelsgesetzbuch*], § 43 WPO [German Law regulating the Profession of Wirtschaftsprüfer: *Wirtschaftsprüferordnung*], § 203 StGB [German Criminal Code: *Strafgesetzbuch*]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: *Produkthaftungsgesetz*], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

(4) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(5) An individual case of damages within the meaning of paragraph 2 also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's written consent and with a wording authorized by him.

(2) If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:

- **a)** preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party
- **b)** examination of tax assessments in relation to the taxes referred to in (a)
- **c)** negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
- **d)** support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)
- **e)** participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (*Steuerberatungsvergütungsverordnung*) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (*Textform*).

(6) Work relating to special individual issues for income tax, corporate tax, business tax, valuation assessments for property units, wealth tax, as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

- **a)** work on non-recurring tax matters, e.g. in the field of estate tax, capital transactions tax, and real estate sales tax**;**
- **b)** support and representation in proceedings before tax and administrative courts and in criminal tax matters;
- **c)** advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and
- **d)** support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (*Textform*) accordingly.

13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (*Verbraucherschlichtungsstelle*) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (*Verbraucherstreitbeilegungsgesetz*).

15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.